PRESS RELEASE

**Paris, February 17, 2020, 7:30 a.m.**

# POSITIVE FY 2019 RESULTS

## NCCF UP 2.1%, ABOVE GUIDANCE

## EPRA NAV UP +5.7%

## NET PROFIT – GROUP SHARE SURGES TO €300.2M, C. +94%

## ICADE'S PURPOSE UNVEILED

**Group**

- **2019 revenue**: €1.52bn, i.e. **-14.0%** (vs. 2018)
- **Net current cash flow per share was up +2.1%** to €5.26 as the disposal volume increased sharply
- **Net profit attributable to the Group**: €300.2m: strong increase **fuelled by gains** on disposals: **+93.7%**
- **EPRA NAV per share up 5.7%** year-on-year; EPRA NAV TSR: **10.8%**
- Proposed **dividend per share**: €4.81, i.e. **+4.6%**

**Property Investment**

- **Gross rental income from Property Investment**: €635.9m, **+2.0%** like-for-like
- **Adjusted EPRA earnings from Property Investment: €358.7m, i.e. €4.85 per share, up +6.0%**
- **Portfolio value: €14.3bn** on a full consolidation basis, **+2.6%** from 2018 like-for-like
- **Development pipeline: 8 completions** in 2019, **€2.2bn** as of December 31, 2019, **value creation potential of €700m**

**Property Development**

- In 2019: 19 projects awarded, i.e. potential additional revenue of **€1bn** (excl. taxes, on a proportionate consolidation basis)
- **Backlog of €1.3bn,** up 8.1%, driven by the residential segment
- **Medium-term revenue potential: €7.1bn,** +24%

**2020 Outlook**

- **Group NCCF per share:** Slightly lower than 2019 (up c. +5.0% excl. impact of 2019 disposals)
- **2020 dividend: On the rise:** Payout ratio of 90% of NCCF + distribution of part of the gains on 2019 disposals

*"Icade delivered strong results in 2019 in line with the goals set out in the 2019–2022 Strategic Plan. These results reflect an increase in gross rental income from Property Investment (+2% like-for-like), NCCF up +2.1% (above guidance) and EPRA NAV TSR at over 10%, attesting to a business model that creates value. A dividend of €4.81 per share will be submitted to the General Meeting for approval, marking the fourth consecutive year of increases (+29% since 2015).*

*Priorities for 2020 include both the continued implementation of our Strategic Plan and the integration of Icade's Purpose unveiled today into all of our activities."*

**Olivier Wigniolle, CEO of Icade**

At its meeting held on Friday, February 14, 2020, Icade's Board of Directors chaired by Mr Frédéric THOMAS approved the financial statements for the year 2019:

| | 12/31/2019 | 12/31/2018 | Change 2019 vs. 2018 (%) |
|---|---|---|---|
| **Adjusted EPRA earnings from Property Investment (in €m)** | **358.7** | **338.9** | **+5.8%** |
| Adjusted EPRA earnings from Property Investment per share | 4.85 | 4.57 | +6.0% |
| **Net current cash flow from Property Development (in €m)** | **33.1** | **44.4** | **-25.5%** |
| **Group net current cash flow (in €m)** | **389.2** | **381.7** | **+2.0%** |
| Group net current cash flow per share | 5.26 | 5.15 | +2.1% |
| **Net profit/(loss) attributable to the Group (in €m)** | **300.2** | **154.9** | **+93.7%** |

| | 12/31/2019 | 12/31/2018 | Change (%) |
|---|---|---|---|
| **EPRA net asset value per share** | **€94.9** | **€89.8** | **+5.7%** |
| **EPRA triple net asset value per share** | **€91.2** | **€89.8** | **+1.5%** |
| **Average cost of drawn debt** | **1.54%** | **1.55%** | **-1 bp** |
| **LTV ratio (including duties)** | **38.0%** | **37.9%** | **+16 bps** |

# 1. 2019: A very active year, business performance in line with the Plan

## 1.1. Positive momentum for Office Property Investment: asset rotation, leasing activity, and development pipeline

### Strong asset rotation

The year 2019 was highlighted by **continued dynamic asset rotation** and an acceleration in **sales of mature assets, which amounted to €1.1bn (twice the 2018 total), including primarily:**

- Sale of the Crystal Park building in July 2019 for €691m excluding duties;
- Sale of 49.0% of the Eqho Tower (79,000 sq.m) in September 2019 for €365m.

**On average, these transactions were completed +12.6% above appraised value as of December 31, 2018 and generated €270m in capital gains** (€61m recognised directly in equity).

The total volume of disposals carried out in 2018 and 2019 was €1.6bn. These disposals, which generated substantial capital gains, had an impact on rental income[1] from the office portfolio (-€73.8m on a full-year basis).

In addition, Icade received a €15m dividend as a result of selling its interest in the Issy Cœur de Ville project.

### Robust leasing activity

- **On a like-for-like basis**, gross rental income went up by 1.6%, buoyed by an overall robust leasing activity over the period in the office and business park segments;
- **On a reported basis**, gross rental income declined by 7.8% due to major asset disposals in 2018 and 2019;
- The **net to gross rental income ratio** for the Office Property Investment Division stood at 96.4%, a 2.2-pp increase (94.2% in 2018) due in particular to disposals and solid leasing activity.

**179 leases** were **signed or renewed** for nearly 210,000 sq.m as leasing activity remained healthy. They represented headline rental income of **€51.2m**.

- During the period, **54 leases were renewed,** equivalent to 82,000 sq.m and **€18.2m in annualised headline rental income**, with **a weighted average unexpired lease term to first break of 6.9 years;**
- The **125 new leases that were signed represented an aggregate floor area of close to 128,000 sq.m** and annualised headline rental income of €33.0m. The main leases signed in 2019 included:
  - **Pulse (Portes de Paris business park)**: lease signed for the whole building (28,860 sq.m) with the Organising Committee for the Paris 2024 Olympic and Paralympic Games, starting in 2020;
  - **Orsud (Gentilly):** lease signed with Orange for 5,344 sq.m, starting on January 1, 2020;
  - **Factor E (Bordeaux)** – completed in Q2 2019: 9-year lease with no break option signed with Regus for almost 6,000 sq.m, starting on completion;
  - **Le Castel (Marseille)** – completed in Q1 2019: building fully leased (6,000 sq.m), with leases signed for 9 years with Deloitte and 12 years with Solimut Mutuelle de France.

[1] IFRS gross rental income

As of December 31, 2019, **the financial occupancy rate** stood at **92.6%, up 0.3 pp on a like-for-like basis** and down by only -0.8 pp on a reported basis.

- The occupancy rate for offices was 96.4% (95.1% in 2018);
- The occupancy rate for business parks was 83.6% (89.1% in 2018). This decline related primarily to the Pulse building, which was completed in 2019, as the lease signed with the Organising Committee for the Olympic and Paralympic Games at the end of 2019 for the whole floor area is scheduled to commence at a later date in 2020.

**Taking into account the new lease signed for Pulse, the financial occupancy rate was 94.7%.**

The weighted average unexpired lease term to first break stood at 4.5 years (vs. 4.7 years in 2018).

As of December 31, 2019, **leased space** totalled 1,589,372 sq.m, **a net increase of nearly 30,000 sq.m from 2018**. This reflects the positive trend observed in 2019, thanks to the effective management of leasing activity and the letting of completed assets (8 completions, 94% pre-let).

**A dynamic development pipeline**

In 2019, investments by the Office Property Investment Division amounted to **€534m** (vs. €515m in 2018) and broke down as follows:

- **€337m, i.e. more than 60% of investments in the development pipeline,** including:
  - **Developments (new builds, extensions, refurbishments)** for **€271.7m**, with the Origine project accounting for nearly €121m;
  - **Investments in off-plan projects** for **€65.5m**, relating primarily to the Gambetta, Spring A and Eko Active projects completed in 2019 (for a total of nearly €43m);
- Acquisitions for **€128.4m**, mainly the Pointe Métro 1 asset located in Gennevilliers (€123m);
- Other investments, encompassing "Other capex" and "Other" for €69m, related to maintenance work and tenant improvements.

As of December 31, 2019, the Office Property Investment **portfolio was worth €8.5bn on a proportionate consolidation basis** (vs. €8.7bn in 2018), **up +2.9% like-for-like.** The -2.6% decrease on a reported basis is due to accelerated asset disposals in 2019.

- **The office portfolio** was valued at **€6.4bn** vs. €6.6bn at the end of 2018, a €231.8m drop on a reported basis. Excluding the impact of disposals and investments completed during the period, the value of the office portfolio was up **+€214m (i.e. +3.8%)** on a like-for-like basis. Completions and the development pipeline had a substantial positive impact on the value of the office portfolio;
- **The business park portfolio** was worth **€1.8bn** vs. €1.7bn at the end of 2018, an increase of nearly **€51m (+2.9%)**.

**On a full consolidation basis**, the portfolio was valued at **€9.1bn.**

The **Office Property Investment development pipeline** represented nearly 380,000 sq.m and projected investments of **€2.2bn**.

With an expected yield on cost of 6.3%, **the potential for value creation from this pipeline amounted to €0.7bn, including €0.5bn remaining to be captured in the NAV.**

During the financial year 2019, the Office Property Investment Division **completed 8 assets** totalling 103,000 sq.m, with **potential rental income of nearly €33m.** These assets were 94% leased (incl. the lease signed for Pulse) at the end of 2019. **Investments** made in these 8 completions totalled **€509m**, with **€155m in value creation** (31% of the invested amount).

## 1.2. Healthcare Property Investment: Increased rental income and continued growth

**Stepped-up investments for Healthcare Property Investment**

In 2019, the Healthcare Property Investment Division more than doubled its volume of acquisitions compared to 2018 to almost **€750m** (including €38m under a preliminary agreement as of December 31, 2019) **in France and Europe**:

- In **France**: continued diversification into the nursing home segment, with the acquisition of a portfolio of 12 assets mainly comprising long-term care facilities for **€191m** in July 2019, followed by the large-scale acquisition of the Confluent private hospital in Nantes in November 2019 for **€194m**;
- In **Germany**: first acquisition of a portfolio of 19 nursing homes for **€266m** in November 2019;
- In **Italy**: continued investments with the acquisition of 11 nursing homes for **€86m** (including four under a preliminary agreement as of December 31, 2019).

**Robust leasing activity**

**Gross rental income** from Healthcare Property Investment stood at €264.7m, up **+9.9%** from December 31, 2018.

- **On a like-for-like basis**, gross rental income went up by **+2.6%**;
- **On a reported basis**, the increase in gross rental income is mainly explained by completions in 2018 and 2019 (+€9.3m) and acquisitions in France and Italy (+€10.6m) in 2018 and 2019.

The **financial occupancy rate** of the portfolio stood at 100% as of December 31, 2019.

In addition, the Healthcare Property Investment Division's weighted average unexpired lease term improved by 0.6 years to 8 years as of December 31, 2019 thanks to 19 leases renewed in France and to acquisitions, especially those completed abroad which benefited from a WAULT to break of 17.9 years.

**Strong portfolio growth in a context of dynamic acquisition activity**

As of December 31, 2019, the Healthcare Property Investment **portfolio was worth** €3.0bn on a proportionate consolidation basis **(€5.3bn on a full consolidation basis)**, up +19% on a reported basis (+1.7% like-for-like). The number of facilities increased by nearly 36% with **156 facilities** as of December 31, 2019 (vs. 115 as of December 31, 2018).

The Healthcare Property Investment Division also had a **development pipeline** of almost **€292m** as of December 31, 2019, equivalent to €16.1m in additional future rental income (expected average yield on cost: 5.7%).

In 2019, the Healthcare Property Investment Division's portfolio accounted for 30% of Group cash flow, ensuring high profitability and predictability.

## 1.3. Property Development: A year of transition, positive medium-term outlook

After generating record revenue in 2018, **economic revenue** in 2019 decreased by **-22.6%** year-on-year.

- The drop in Office Property Development revenue (-42.7%) is attributable to fewer completions in 2019 compared to the high number recorded in 2018;
- Revenue from the residential segment was down -15.7%, with the upcoming elections still causing a slowdown in building permits being issued. However, the strong effort by the residential segment's operational teams resulted in an **increase in housing orders in 2019** (5,067 units or €1.1bn, i.e. **+7.6% in value terms**).

**Net current cash flow** dropped 25.5% to €33.1m as of December 31, 2019.

As of December 31, 2019, **ROE from ordinary Property Development operations** remained high at **16.9%**.

In addition, Icade Promotion has been preparing for the future by acquiring land for the medium/long term for nearly €100m in order to secure the future development of its business.

ROE based on the book value of Icade Promotion's equity including these land holdings stood at 12.7%.

Icade Promotion's medium-term outlook is positive:

- The **total backlog of the Property Development Division** as of December 31, 2019 was worth **€1.3bn**, an increase of **8.1%** compared to December 31, 2018 fuelled by the residential segment (+8.5%);
- Icade Promotion was awarded **19 projects** in 2019, representing potential **additional revenue of €1.0bn** (excl. taxes, on a proportionate consolidation basis), including:
    - Inventer Bruneseau: 25,000 sq.m of offices, 50,000 sq.m of housing and 20,000 sq.m of retail/business premises
    - The Olympic and Paralympic Village (Saint-Ouen/sector D): 9,300 sq.m of offices, 652 homes suitable for all (sale, rental, student, and social)
    - Reinventing Paris 2 – Gobelins train station: 14,800 sq.m of offices, 4,600 sq.m dedicated to sport, 70,000 sq.m of warehouses
    - Caen University Hospital (CHU) – Les Grands Jardins de Calix: 44,000 sq.m of residential and office buildings
    - Magenta market building (19$^{th}$ district of Paris): 10,800 sq.m sq.m of office and hotel space, restoration of the market building

As a result, **total potential revenue**[2] over the medium term amounted to **€7.1bn** (excl. taxes, on a proportionate consolidation basis), an increase of €1.4bn compared to 2018. This amount represents close to 21,000 units for the residential segment and over 450,000 sq.m for the office segment.

# 2. Continued proactive management and diversification of our funding sources

As the lending market remained borrower-friendly in 2019, Icade continued the **optimisation of its financial resources**:

- **Icade Santé's first-time rating** by rating agency Standard & Poor's: **BBB+ with a stable outlook**, in line with the Icade Group's rating, affirmed by S&P in November 2019 after its annual review;
- **Icade Santé's inaugural bond issue: €500m, 10 years, 0.875%, more than 6x** oversubscribed. This very successful inaugural bond issue has given the Company access to very attractive new sources of finance which will support Icade Santé in achieving its growth plans;
- **Refinancing of an intra-group loan by entering into a new mortgage** for **€440m** as a result of the partial disposal of the Eqho Tower in Q3;
- **The repurchase (not followed by a new issue)** of three existing bonds in February 2019: €156.5m, maturity below 3 years;

*[2] Revenue excl. taxes on a proportionate consolidation basis incl. backlog, contracts won, stock of units currently for sale and land portfolio (residential and office)*

- Our interest rate **hedging policy** remained conservative yet proactive: As of December 31, 2019, debt was 97% hedged. It is 81% hedged for the next two years;
- Lastly, at the end of 2019, the Group's fully available **undrawn amounts of credit lines totalled €1.8bn**, covering **nearly four years of debt principal and interest payments**.

**Key liability indicators remain solid**

In this context, the **average debt maturity**[3] remained above 6 years (**6.4 years** as of December 31, 2019), and the **average cost of debt** continued its downward slide to **1.54%** in 2019 (1.55% in 2018 and 1.59% in 2017).

The **LTV ratio** was stable at **38.0% including duties** (40.1% excluding duties), in line with the Group's financial policy.

# 3. Positive 2019 results for the Group

**Adjusted EPRA earnings from Property Investment** jumped by **5.8%** (**+6.0% per share)** to €358.7m including €238.9m for **Office Property Investment (+3.5%)** and €119.8m for **Healthcare Property Investment (+10.7%).**

As of December 31, 2019, the **EPRA ratio cost** (including vacancy costs) stood at **13.9%, an improvement of 210 bps** primarily due to reduced vacancy rates resulting from disposals carried out in 2018 and continued effective management of operating costs.

**Group net current cash flow** was up **2.1% per share to €389.2m** (i.e. **€5.26 per share**), despite major disposals in the last 18 months.

As of December 31, 2019, **the value of the whole property portfolio on a proportionate consolidation basis** reached **€11.5bn**, up **+2.6%** like-for-like.

On a **full consolidation basis**, Icade's portfolio was worth **€14.3bn**, to be compared with €13.4bn at the end of 2018, with office and healthcare assets representing 63% and 37%, respectively.

**EPRA net asset value** amounted to €7,028m, i.e. €94.9 per share, a significant improvement of **+ 5.7%**, mainly driven by increased Group net current cash flow, and higher property values in the Office and Healthcare Property Investment portfolios.

**EPRA triple net asset value** stood at €6,750m, i.e. €91.2 per share (+1.5%). This smaller increase can be explained by the impact of the change in fair value of derivatives and fixed-rate debt, against a backdrop of significantly lower interest rates and spreads (impact on EPRA NNNAV: -€3.7 per share).

**Net profit/(loss) attributable to the Group** stood at **€300.2m**, **soaring by +93.7%** as a result of the gains realised on the year's two major disposals amounting to €270m, with €209m recognised in profit or loss and €61m directly in equity (sale of 49% of SAS Tour Eqho).

# 4. CSR: positive results and leadership position reinforced

In 2019, CSR objectives led to positive results, particularly given the progress that was made with respect to the **low carbon priority**: The carbon intensity measured in the Office Property Investment portfolio (in kg $CO_2$/sq.m/year) **dropped 27% between 2015 and 2019**, i.e. an average decrease of -7.5% per year and above the CAGR target of -5.8%.

**In addition, Icade has reinforced its leading position atop ESG rating agencies' rankings:** GRESB, CDP, MSCI and Vigeo Eiris have once again recognised the quality of Icade's CSR policy. **In particular, GRESB ranked Icade "Sector Leader" in the category of listed diversified companies in Western Europe.**

[3] *Excluding NEU Commercial Paper*

# 5. 2019 dividend

The Board of Directors will ask the General Meeting to approve a dividend of **€4.81 per share**, **+4.6%** compared to the 2018 amount.

The **dividend yield stood at 5%** based on the share price as of December 31, 2019, and at 5.3% based on EPRA NAV as of December 31, 2019.

This amount is equal to 90% of net current cash flow plus the distribution of c. 3% of gains on disposals made in 2019 (i.e. a total payout ratio of 91.4%).

The dividend will be paid **in two instalments**: **an interim dividend of €2.41 per share** on March 6, 2020 (ex-dividend date: March 4, 2020) and the **remaining balance in early July.**

# 6. Icade's Purpose: a year of collaborative work

Initiated by Icade at the end of 2018 in order to comply with the new provisions of the PACTE law, discussions about the Company's Purpose involved all its employees, Board members and stakeholders throughout the year.

The Purpose which resulted from this collaborative work was approved by the Board of Directors and its inclusion in the preamble of the Articles of Association will be submitted to the General Meeting for approval on April 24, 2020:

***"Designing, Building, Managing and Investing in cities, neighbourhoods and buildings that are innovative, diverse, inclusive and connected with a reduced carbon footprint. Desirable places to live and work. This is our ambition. This is our goal. This is our Purpose."***

# 7. Governance

Two directors representing Caisse des Dépôts, Ms Carole ABBEY and Mr Jean-Marc MORIN, have resigned. The Board of Directors thanked them for their valuable contributions to the Board's work.

At its meeting held on February 14, 2020, the Board co-opted the following persons to replace the two resigning directors:

- Ms Laurence GIRAUDON, Head of the Support and Operations unit in the Asset Management Department at Caisse des Dépôts;
- Mr Olivier FABAS, Head of the Financial Institutions and Private Equity Unit in the Strategic Investments Department at Caisse des Dépôts.

As a result, the Board of Directors is now composed of 15 directors including 5 independent directors and 40% of women directors, in line with good governance practice.

# 8. 2020 Outlook

**Icade's priorities** for the year 2020 are as follows:

- Continued execution of the Strategic Plan to 2022
- Office Property Investment: slowdown in disposals and stepped-up pipeline investments
- Healthcare Property Investment: further growth and international expansion
- Property Development: implementation of the 2020–2024 roadmap
- CSR: continued focus on low carbon
- Integrating our Purpose into all our activities.

**FY 2020 guidance:**

- **In 2020, Group net current cash flow per share is expected to be slightly lower than in 2019.** Excluding the impact of significant disposals completed in 2019, NCCF should grow by about +5.0% in 2020;

- **2020 dividend policy: Dividend up**: Payout ratio of 90% of NCCF + distribution of part of the gains on 2019 disposals.

# FINANCIAL CALENDAR

**Annual General Meeting**: April 24.
**Q1 financial data**: April 27, before the market opens.
**Half-year results**: July 21, before the market opens.
**Q3 financial data**: October 22, before the market opens.

The consolidated financial statements as approved by the Board of Directors on February 14 have been audited. The Statutory Auditors' report will be issued after the Board of Directors meeting to be held to approve the draft resolutions submitted to the General Meeting.

The consolidated financial statements are available for **viewing or downloading on the Icade website** (www.icade.fr/en/), in the section:
In French: https://www.icade.fr/finance/resultats-financiers *(Résultats financiers _ FY 2019 _ Données)*

In English: https://www.icade.fr/en/finance/financial-results *(Keys figures _ FY 2019 _ Data)*

**Frédéric Thomas, Chairman of the Board, Olivier Wigniolle, CEO, and Victoire Aubry, member of the Executive Committee in charge of Finance, will present the 2019 Full Year Results to analysts on February 17, 2020, at 10:00 a.m.**

The presentation will be available on the following website:
In French: https://www.icade.fr/finance/resultats-financiers
In English: https://www.icade.fr/en/finance/financial-results

A live webcast with synchronised slides will be accessible from 9:30 a.m. (Paris time) on the Icade website via the following link:
In French: https://edge.media-server.com/mmc/go/IcadeFY19/lan/FR
Conference ID: SFAF Icade French: **7396123**

In English: https://edge.media-server.com/mmc/go/IcadeFY19/lan/EN
Conference ID: SFAF Icade English: **4591526**

## ABOUT ICADE

### Building for every future

*As an investor and a developer, Icade is an integrated real estate player which designs innovative real estate products and services adapted to new urban lifestyles and habits. By placing corporate social responsibility and innovation at the core of its strategy, Icade is closely involved with stakeholders and users in the cities—local authorities and communities, companies and employees, institutions and associations… As an office and healthcare property investor (portfolio value of €11.5bn as of 12/31/19 on a proportionate consolidation basis) and as a property developer (2019 economic revenues of nearly €1bn), Icade has been able to reinvent the real estate business and foster the emergence of tomorrow's greener, smarter and more responsible cities. Icade is a significant player in the Greater Paris area and major French cities. Icade is listed on Euronext Paris as a French Listed Real Estate Investment Company (SIIC). Its leading shareholder is the Caisse des dépôts Group.*

The text of this press release is available on the Icade website: www.icade.fr/en/

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# APPENDICES

# December 31, 2019

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# 1. Consolidated financial statements

## 1.1. Consolidated income statement

| *(in millions of euros)* | 12/31/2019 | 12/31/2018 |
|---|---|---|
| **Revenue** | **1,522.9** | **1,771.5** |
| Other income from operations | 4.3 | 3.8 |
| **Income from operating activities** | **1,527.2** | **1,775.3** |
| Purchases used | (704.6) | (923.1) |
| Outside services | (83.9) | (94.2) |
| Taxes, duties and similar payments | (5.5) | (5.9) |
| Staff costs, performance incentive scheme and profit sharing | (134.4) | (134.7) |
| Other operating expenses | (12.7) | (27.2) |
| **Expenses from operating activities** | **(941.1)** | **(1,185.2)** |
| EBITDA | 586.1 | 590.1 |
| Depreciation charges net of government investment grants | (336.6) | (380.4) |
| Charges and reversals related to impairment of tangible, financial and other current assets | 9.9 | 40.1 |
| Profit/(loss) from acquisitions | (5.1) | (0.5) |
| Profit/(loss) on asset disposals | 207.3 | 90.9 |
| Share of net profit/(loss) of equity-accounted companies | (10.7) | 1.1 |
| OPERATING PROFIT/(LOSS) | 450.9 | 341.4 |
| Cost of gross debt | (105.5) | (104.7) |
| Net income from cash and cash equivalents, related loans and receivables | 7.0 | 6.2 |
| **Cost of net financial liabilities** | **(98.5)** | **(98.5)** |
| Other finance income and expenses | (8.5) | (25.0) |
| FINANCE INCOME/(EXPENSE) | (107.0) | (123.5) |
| Tax expense | (8.1) | (31.1) |
| **Net profit/(loss) from continuing operations** | **335.7** | **186.7** |
| Profit/(loss) from discontinued operations | 2.5 | (1.4) |
| **NET PROFIT/(LOSS)** | 338.2 | 185.4 |
| **Including net profit/(loss) attributable to the Group** | **300.2** | **154.9** |
| - Including continuing operations | 297.7 | 156.3 |
| - Including discontinued operations | 2.5 | (1.4) |
| **Including net profit/(loss) attributable to non-controlling interests** | **38.0** | **30.4** |
| | | |
| **Basic earnings per share attributable to the Group (in €)** | **4.06** | **2.09** |
| - Including continuing operations per share | 4.03 | 2.11 |
| - Including discontinued operations per share | 0.03 | (0.02) |
| **Diluted earnings per share attributable to the Group (in €)** | **4.06** | **2.09** |
| - Including continuing operations per share | 4.02 | 2.11 |
| - Including discontinued operations per share | 0.03 | (0.02) |

## 1.2. Consolidated balance sheet

### ASSETS

| (in millions of euros) | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Goodwill | 45.3 | 46.1 |
| Other intangible fixed assets | 19.5 | 9.5 |
| Tangible fixed assets | 61.2 | 16.9 |
| Net investment property | 9,760.7 | 9,235.7 |
| Equity-accounted investments | 132.1 | 139.7 |
| Financial assets at fair value through profit or loss | 23.8 | 23.1 |
| Financial assets at amortised cost | 8.1 | 6.4 |
| Derivative assets | 0.4 | 5.1 |
| Deferred tax assets | 14.8 | 11.6 |
| NON-CURRENT ASSETS | 10,065.8 | 9,494.0 |
| Inventories and work in progress | 563.1 | 479.7 |
| Contract assets | 327.3 | 367.3 |
| Accounts receivable | 344.5 | 353.7 |
| Tax receivables | 19.6 | 4.4 |
| Miscellaneous receivables | 344.0 | 359.2 |
| Other current financial assets at fair value through profit or loss | 0.0 | - |
| Financial assets at amortised cost | 66.5 | 61.9 |
| Derivative assets | 5.9 | 2.4 |
| Cash and cash equivalents | 767.1 | 634.6 |
| Assets held for sale and discontinued operations | 9.8 | 2.0 |
| CURRENT ASSETS | 2,447.7 | 2,265.1 |
| **TOTAL ASSETS** | **12,513.5** | **11,759.2** |

### LIABILITIES

| *(in millions of euros)* | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Share capital | 113.6 | 113.6 |
| Share premium | 2,644.4 | 2,712.2 |
| Treasury shares | (43.6) | (37.2) |
| Revaluation reserves | (34.8) | (8.2) |
| Other reserves | 188.9 | 249.9 |
| Net profit/(loss) attributable to the Group | 300.2 | 154.9 |
| **Equity attributable to the Group** | **3,168.7** | **3,185.2** |
| Non-controlling interests | 926.1 | 751.5 |
| EQUITY | 4,094.8 | 3,936.7 |
| Provisions | 32.0 | 29.7 |
| Financial liabilities at amortised cost | 6,134.7 | 5,238.5 |
| Lease liabilities | 59.1 | - |
| Tax liabilities | 15.2 | 6.1 |
| Deferred tax liabilities | 13.3 | 15.5 |
| Other financial liabilities | 69.2 | 65.4 |
| Derivative liabilities | 53.6 | 27.4 |
| NON-CURRENT LIABILITIES | 6,377.1 | 5,382.6 |
| Provisions | 42.8 | 33.4 |
| Financial liabilities at amortised cost | 703.3 | 1,049.3 |
| Lease liabilities | 8.9 | - |
| Tax liabilities | 16.0 | 19.4 |
| Contract liabilities | 12.1 | 9.6 |
| Accounts payable | 662.0 | 668.7 |
| Miscellaneous payables | 588.1 | 646.0 |
| Other financial liabilities | 1.4 | 1.4 |
| Derivative liabilities | 0.8 | 2.2 |
| Liabilities related to assets held for sale and discontinued operations | 6.3 | 9.8 |
| CURRENT LIABILITIES | 2,041.6 | 2,439.9 |
| **TOTAL LIABILITIES AND EQUITY** | **12,513.5** | **11,759.2** |

# 2. Group summary

## 2.1. Highlights of the financial year 2019

2019 was the first year in the Icade Group's new Strategic Plan to 2022. It was yet another eventful year for the Group, both in terms of its governance and the performance of its various business lines, namely Office Property Investment, Healthcare Property Investment and Property Development.

### *Governance:*

**Board of Directors and composition of the Board committees:**

On April 24, 2019, the General Meeting appointed the following directors:

- Mr Emmanuel CHABAS, Head of Real Estate Investments for Crédit Agricole Assurances;
- Mr Waël RIZK, a senior civil servant, Deputy CFO of Caisse des Dépôts;
- Mr Gonzague de PIREY, Chairman of KparK, as independent director.

The General Meeting also reappointed Caisse des Dépôts as director for a term of four years.

Following the General Meeting, the Board of Directors appointed:

- Mr Frédéric THOMAS, CEO of Crédit Agricole Assurances and CEO of Predica, as Chairman of the Board of Directors, to replace Mr André MARTINEZ whose term of office had expired;
- Ms Florence PERONNAU as Vice-Chairwoman and Lead Independent Director.

At the Board of Directors meeting on October 17, 2019, Marianne LOURADOUR, Île-de-France Regional Director at Banque des Territoires (Caisse des Dépôts et Consignations), was co-opted as a director to replace Nathalie TESSIER after she resigned.

The Board of Directors is now composed of 15 members including 5 independent directors (33%) and 40% of women, in line with good governance practice.

Regarding specialised committees, the Board of Directors made the following decisions during the financial year ended:

- Appointments and Remuneration Committee: Ms Marie-Christine LAMBERT, an independent director, was appointed as committee Chairwoman, and the members of the committee are Virginie FERNANDES (permanent representative of CDC), Florence PERONNAU, Georges RALLI and Emmanuel CHABAS;
- Strategy and Investment Committee: Ms Florence PERONNAU, Vice-Chairwoman of the Board and an independent director, was appointed as committee Chairwoman, and the members of the committee are Virginie FERNANDES (permanent representative of CDC), Frédéric THOMAS, Jean-Paul FAUGÈRE and Guillaume POITRINAL;
- Innovation and CSR Committee: Ms Sophie QUATREHOMME was appointed as committee Chairwoman and the members of the committee are Florence PERONNAU and Gonzague de PIREY;
- The Audit and Risk Committee remained unchanged: it is chaired by Mr Georges RALLI, an independent director, and its members are Marie-Christine LAMBERT and Olivier MAREUSE.

**CEOs and senior management**:

In addition, at the meeting of the Board of Directors held on April 24, 2019, Mr Olivier WIGNIOLLE was unanimously reappointed CEO of Icade for four years. Mr Olivier WIGNIOLLE will be responsible for implementing the 2019–2022 Strategic Plan unveiled in July 2018 and unanimously approved by the Board.

Some appointments were also made to the Executive Committee in H1 2019:

- Mr Xavier CHEVAL as CEO of Icade Santé effective April 25, 2019, replacing Ms Françoise DELETTRE who announced her retirement;
- Mr Jérôme LUCCHINI as General Secretary of Icade effective April 25, 2019;
- Mr Emmanuel DESMAIZIÈRES as CEO of Icade Promotion effective June 24, 2019.

These appointments have expanded the capability and expertise of the Executive Committee, supporting the implementation of Icade's 2019–2022 Strategic Plan.

*Property Investment: A strong momentum for both Property Investment Divisions with an acceleration in sales of core assets, investments in the development pipeline, and nursing home and international acquisitions for the Healthcare Property Investment Division.*

**Office Property Investment**

**Disposals completed on favourable terms, +12.6% above appraised value on average as of December 31, 2018; robust leasing activity with leases signed for more than 210,000 sq.m of space over the course of the year and a large number of completions from the development pipeline.**

- Two major asset disposals in 2019 generating a capital gain of almost **€270 million** (including €61 million recognised through equity) and substantial value creation throughout the year:
  - Sale of the Crystal Park building in Neuilly-sur-Seine for €691 million to Samsung Securities and La Française AM. This 44,000-sq.m building complex is fully leased to four first-class tenants, including PwC;
  - Sale of a 49% interest in the company holding the Eqho Tower to South Korean investors for €151 million, based on a total asset value of €745 million excluding duties;
- In addition, leases signed or renewed in 2019 represented close to 210,000 sq.m and annualised headline rental income of €51.2 million, increasing the Division's occupancy rate to over 96.4% in the office segment;
- Lastly, reflecting the investment strategy pursued in recent years, Icade completed eight assets from the development pipeline in 2019, covering an aggregate floor area of 103,000 sq.m and potential headline rental income of €32.9 million. These completions represented a €509 million investment. Value creation of €155 million (31%) was achieved upon completion of these buildings (based on the fair value arising from post-completion valuations);
- The development pipeline as of December 31, 2019 represented potential investments totalling €2.2 billion. Projects scheduled for completion in the next two years are 62% pre-let. As of December 31, 2019, the amount remaining to be invested in this pipeline totalled €1.3 billion;
- Lastly, Icade acquired the Pointe Métro 1 building in 2019 (23,500 sq.m of office space) in Gennevilliers (Hauts-de-Seine) for €123 million. This building is fully leased to the Prisma Presse Group.

**Healthcare Property Investment**

**Expansion goals have remained unchanged—stepped up investments in nursing homes and further expansion into acute care facilities in France, 1st acquisition in Germany and continued expansion in Italy.**

**France Healthcare:**

- Acquisition in July 2019 of 12 medium- and long-term care assets (nursing homes) in France for a total of €191 million from an OPPCI fund managed by Swiss Life Asset Managers France;
- Acquisition of the Confluent Group (Nouvelles Cliniques Nantaises) which owns the Confluent private hospital in Nantes for €194 million. The facility took 4th place in Le Point's 2019 annual ranking of the best public and private hospitals in France. It is fully leased to the Vivalto Group for 12 years with no break option;
- Icade took top honours at the 2019 MIPIM Awards in the "Best Healthcare Development" category for the 30,000-sq.m Reims-Bezannes Polyclinic totalling 384 beds completed in 2018.

**International Healthcare:**

- Icade completed its first transaction in Germany by acquiring 19 nursing homes for **€266.0 million** (including €256.7 million already committed) from the MK Kliniken AG Group;
- Separately, it continued to invest in Italy with close to €48.1 million invested during the year, representing seven long-term care facilities in the northern part of the country.

*Property Development: slowdown in 2019 due to the upcoming elections, a new roadmap focused on growth in the coming years*

2019 was a very busy year in terms of business and projects awarded—over 19 projects were awarded throughout the year, in line with medium-term growth objectives. Examples of major projects awarded include: "Inventing Bruneseau" involving the development of close to 100,000 sq.m between the 13th district of Paris and Ivry-sur-Seine; the Olympic Village (Block D); the Seguin Island in Boulogne-Billancourt; and more recently the Courbet-Cerdan-République area in Brest and Woop Up in Montpellier.

The total volume of Icade Promotion's potential revenue in the medium term, based on projects awarded, the land portfolio and the backlog, amounted to €7.1 billion, representing over 20,600 units for the residential segment and more than 454,000 sq.m for the office segment. This amount, up 23.8% compared to the previous year, includes the portfolio of the Residential Property Development business, which was estimated at €2.0 billion as of December 31, 2019, stable year-on-year.

However, against the backdrop of the upcoming elections, economic revenue for the period dropped to €968 million, mainly due to a slowdown in the office segment. Replenishing this market segment's backlog is one of the priorities of Icade Promotion's new roadmap for the 2020–2024 period.

*Debt: lower rates have allowed the Group to obtain more favourable financing terms in order to support its growth*

Icade Santé, a subsidiary of the Icade Group, was assigned a first-time rating of BBB+ with a stable outlook by Standard & Poor's, in line with the rating for the Icade Group as a whole.

Following this rating action, Icade Santé successfully launched its first bond issue with a benchmark size of €500 million, maturing in 2029 and bearing a fixed coupon of 0.875%.

In addition, as part of the sale of 49% of the Eqho Tower, Icade entered into a €440 million mortgage loan with a term of 7 years. It continued its proactive cash management and hedging policies throughout the year.

Lastly, Icade was awarded the highest score by the Climate Bonds Initiative for its Green Bond reporting at the end of March 2019 (€600 million raised in 2017 with a 10-year maturity and a coupon of 1.5%).

### *CSR: focus on low carbon with ESG ratings on the rise*

With low carbon being one of its top priorities for 2019, Icade has been actively involved in low-carbon construction throughout the year, in particular by completing Office Property Investment assets that meet the highest environmental requirements. Examples include the Pulse building in the Portes de Paris business park, completed in Q1 2019, and flagship projects carried out by the Property Development business, such as the Bruneseau project, France's first zero-carbon neighbourhood.

Through its being awarded the contract for Block D of the Olympic Village, Icade has positioned itself among the pioneers and leaders of the city of tomorrow, namely the low-carbon city.

Lastly, as a result of its CSR commitment and initiatives, GRESB, Vigeo Eiris, FTSE and EPRA have once again recognised the quality of Icade's CSR policies (and CSR reports).

In particular, GRESB ranked Icade "Sector Leader" in the category of listed diversified companies in Western Europe, with a score of 84/100, up 2 points compared to 2018. EPRA bestowed a Gold Sustainability Award on Icade for the quality of its CSR reporting and a Gold Award for the quality and transparency of its financial communication.

This confirms Icade's position as an industry leader in corporate social responsibility.

## 2.2. Earnings and net current cash flow

**KEY FIGURES AS OF DECEMBER 31, 2019: Strong momentum for both Property Investment Divisions, sharp increase in net profit, EPRA NAV up nearly 6%, net current cash flow up 2%, cost of debt and et LTV ratio stable.**

| | 12/31/2019 | 12/31/2018 | Change 2019 vs. 2018 (%) |
|---|---|---|---|
| **Adjusted EPRA earnings from Property Investment (in €m)** | **358.7** | **338.9** | **+5.8%** |
| Adjusted EPRA earnings from Property Investment per share | 4.85 | 4.57 | +6.0% |
| **Net current cash flow from Property Investment (in €m)** | **368.8** | **347.1** | **+6.2%** |
| Net current cash flow from Property Investment per share | 4.98 | 4.68 | +6.4% |
| **Net current cash flow from Property Development (in €m)** | **33.1** | **44.4** | **-25.5%** |
| Net current cash flow from Property Development per share | 0.45 | 0.60 | -25.4% |
| **Other (in €m)** | **(12.7)** | **(9.9)** | **+29.0%** |
| **Group net current cash flow (in €m)** | **389.2** | **381.7** | **+2.0%** |
| Group net current cash flow per share | 5.26 | 5.15 | +2.1% |
| **Net profit/(loss) attributable to the Group (in €m)** | **300.2** | **154.9** | **+93.7%** |

| | 12/31/2019 | 12/31/2018 | Change (%) |
|---|---|---|---|
| **EPRA net asset value per share** | **94.9** | **89.8** | **+5.7%** |
| **EPRA triple net asset value per share** | **91.2** | **89.8** | **+1.5%** |
| **Average cost of drawn debt** | **1.54%** | **1.55%** | **-1 bp** |
| **LTV ratio (including duties)** | **38.0%** | **37.9%** | **+16 bps** |

### 2.2.1. *Summary IFRS consolidated income statement*

| *(in millions of euros)* | 12/31/2019 Current | Non-current | Total | 12/31/2018 Current | Non-current | Total | Change (%) |
|---|---|---|---|---|---|---|---|
| REVENUE | 1,522.9 | | 1,522.9 | 1,771.5 | | 1,771.5 | (14.0%) |
| EBITDA | 588.5 | (2.4) | 586.1 | 594.8 | (4.7) | 590.1 | (0.7%) |
| OPERATING PROFIT/(LOSS) | 591.1 | (140.3) | 450.9 | 611.4 | (270.0) | 341.4 | 32.1% |
| FINANCE INCOME/(EXPENSE) | (89.8) | (17.2) | (107.0) | (107.3) | (16.2) | (123.5) | (13.3%) |
| NET PROFIT/(LOSS) | 489.8 | (151.7) | 338.2 | 471.2 | (285.8) | 185.4 | 82.4% |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP | 389.2 | (89.0) | 300.2 | 381.7 | (226.7) | 154.9 | 93.7% |

The Icade Group's revenue decreased (-14%) due to the cyclical nature of the property development business and to the pre-election context (2/3 of revenue). Rental income grew in 2019 for both Property Investment Divisions.

The Icade Group's operating income increased sharply (+32.1%), driven by both Property Investment Divisions, whose performance improved in 2019.

Finance income/(expense) was also up, benefiting from continued favourable financing conditions and a significant dividend (€15 million) generated by the Office Property Investment Division in a property transaction.

In 2019, net profit/(loss) attributable to the Group stood at €300.2 million, soaring by +€145.2 million from 2018 as a result of:

- A strong rise in gains on asset disposals;
- A significant improvement in operating activities across both Property Investment Divisions.

### 2.2.2. Group net current cash flow

Group net current cash flow reflects the operating and financial performance of the Office Property Investment, Healthcare Property Investment and Property Development Divisions. The Group's dividend policy is based on this indicator. It primarily comprises the following two items:

- Net current cash flow from Property Investment, which is calculated based on "Adjusted EPRA earnings from Property Investment", an earnings indicator for the Office Property Investment and Healthcare Property Investment activities in accordance with EPRA recommendations (European Public Real Estate Association). The difference between NCCF and adjusted EPRA earnings is primarily due to depreciation charges on operating assets; and
- Net current cash flow from Property Development, which measures the cash flow from Property Development activities.

**Group net current cash flow increased by +2.0% to €389.2 million (€5.26 per share) as of December 31, 2019 from €381.7 million as of December 31, 2018 (€5.15 per share), which is above the guidance announced to the market for the full year 2019. This increased net current cash flow includes the reduction in net rental income due to significant disposals completed in 2018 and 2019 (-€31.7 million).**

### 2.2.3. Summary segment information

Icade's segment reporting is divided into four main categories: Office Property Investment, Healthcare Property Investment, Property Development and "Other" operations.

| *(in millions of euros)* | 12/31/2019 | | | | 12/31/2018 | | | | Change 2019 vs. 2018 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Adjusted EPRA earnings from Property Investment | % | NCCF | % | Adjusted EPRA earnings from Property Investment | % | NCCF | % | Adjusted EPRA earnings from Property Investment | NCCF |
| Office Property Investment | 238.9 | 66.6% | 249.0 | 64.0% | 230.7 | 68.1% | 238.9 | 62.6% | 3.5% | 4.2% |
| Healthcare Property Investment | 119.8 | 33.4% | 119.8 | 30.8% | 108.2 | 31.9% | 108.2 | 28.4% | 10.7% | 10.7% |
| Total Property Investment (a) | 358.7 | 100.0% | 368.8 | 94.8% | 338.9 | 100.0% | 347.1 | 90.9% | 5.8% | 6.2% |
| Property Development | | | 33.1 | 8.5% | | | 44.4 | 11.6% | | (25.5%) |
| Other (b) | | | (12.7) | (3.3%) | | | (9.9) | (2.6%) | | 29.0% |
| Total Group | | | 389.2 | 100.0% | | | 381.7 | 100.0% | | 2.0% |
| Total Group - in euros per share | 4.85 | | 5.26 | | 4.57 | | 5.15 | | 6.0% | 2.1% |

*(a) "Adjusted EPRA earnings" includes the depreciation of operating assets which are excluded from net current cash flow.*

*(b) "Other" includes "Intersegment transactions and other items", as well as discontinued operations.*

The improvement in Group net current cash flow resulted primarily from the performance of both Property Investment Divisions, with NCCF up +4.2% for Office and +10.7% for Healthcare.

Property Development NCCF was down -25.5% from the financial year 2018. However, this decline was expected as the property development market has historically always slowed down in the run-up to elections.

For 2019, the contribution to Group net current cash flow of the **Office Property Investment Division** was **64.0%**, that of the **Healthcare Property Investment Division** was **30.8%**, and that of the **Property Development Division** was **8.5%**.

## 2.3. EPRA reporting as of December 31, 2019

Icade presents below all its performance indicators as defined by the European Public Real Estate Association (EPRA) and as calculated in accordance with its recommendations.

Adjusted EPRA earnings from Property Investment include the Office and Healthcare Property Investment segments.

EPRA net asset value (EPRA NAV) is estimated based on all of the Group's assets (including the value of Property Development companies).

Note: NCCF is presented for all three business lines: Office Property Investment, Healthcare Property Investment and Property Development. It is not an EPRA indicator. However, the Icade Group uses it as a single performance indicator for its three business lines.

### 2.3.1. EPRA net asset value as of December 31, 2019

EPRA net asset value reflects the value of Icade by measuring changes in equity after dividend payments, and changes in value of property portfolios, the Property Development Division and Icade's liabilities.

**EPRA net asset value attributable to the Group amounted to €7,027.5 million (€94.9 per share) as of December 31, 2019 vs. €6,658.2 million as of December 31, 2018, a +5.7% increase (in euros per share).**

EPRA triple net asset value attributable to the Icade Group stood at **€6,749.8 million (€91.2 per share** as of December 31, 2019, up **+1.5%** from December 31, 2018). EPRA triple net asset value includes the negative impact of remeasuring fixed rate debt and interest rate hedges (€264.4 million as of December 31, 2019), which resulted from the decrease in interest rates in 2019.

| (in millions of euros) | | 12/31/2019 | 06/30/2019 | 12/31/2018 |
|---|---|---|---|---|
| Consolidated equity attributable to the Group | (1) | 3,168.7 | 2,841.6 | 3,185.2 |
| Amounts payable to shareholders[(a)] | (2) | | 171.4 | |
| Impact of dilution from securities entitling their holders to Icade shares[(b)] | (3) | 0.2 | | 0.3 |
| Unrealised capital gains on property assets and property development companies | (4) | 3,823.1 | 3,766.0 | 3,464.4 |
| Tax on unrealised capital gains | (5) | (13.3) | (10.6) | (12.5) |
| Remeasurement gains or losses on fixed rate debt | (6) | (229.0) | (159.0) | 18.9 |
| **EPRA triple net asset value attributable to the Group** | **(7)=(1)+(2)+(3)+(4)+(5)+(6)** | **6,749.8** | **6,609.4** | **6,656.3** |
| **in euros per share** | **(7)/n** | **91.2** | **89.3** | **89.8** |
| ***Year-on-year change*** | | **1.5%** | | |
| Adjustment for tax on unrealised capital gains | (8) | 13.3 | 10.6 | 12.5 |
| Adjustment for remeasurement gains or losses on fixed rate debt | (9) | 229.0 | 159.0 | (18.9) |
| Adjustment for remeasurement gains or losses on interest rate hedges | (10) | 35.4 | 46.4 | 8.2 |
| **EPRA net asset value attributable to the Group** | **(11)=(7)+(8)+(9)+(10)** | **7,027.5** | **6,825.4** | **6,658.2** |
| **in euros per share** | **(11)/n** | **94.9** | **92.3** | **89.8** |
| ***Year-on-year change*** | | **5.7%** | | |
| **Number of fully diluted shares[(c)]** | n | 74,029,822 | 73,978,962 | 74,109,000 |

*(a) Final dividend for financial year 2018 paid in July 2019.*

*(b) Dilution related to stock options which had the effect of increasing consolidated equity and the number of shares. This increase can be up to the number of shares that can be obtained from the stock options exercisable at the end of the period.*

*(c) Stood at 74,029,822 as of December 31, 2019, after cancelling treasury shares (-594,031 shares) and the positive impact of dilutive instruments (+88,112 shares).*

The favourable trend in EPRA net asset value resulted mainly from:

- The performance of both Property Investment Divisions with a significant increase in Group net current cash flow;
- The like-for-like increase (+2.6%) in value of the property assets of the Office and Healthcare Property Investment Divisions;
- Asset disposals completed in 2019, with an average premium of 12.6% compared to EPRA net asset value as of December 31, 2018.

The change in equity includes the payment of a dividend of €4.60 per share, i.e. 89.3% of 2018 Group net current cash flow.

The change in EPRA net asset value over the period is detailed in the table below.

| EPRA NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2018 (in euros per share) | €89.8 |
|---|---|
| Dividends paid | €(4.6) |
| Consolidated profit/(loss) for the year attributable to the Group | €4.1 |
| Changes in unrealised capital gains on property assets and property development companies | €4.8 |
| Impact of the change in number of diluted shares on NAV per share | €0.1 |
| Other | €0.7 |
| EPRA NAV ATTRIBUTABLE TO THE GROUP AS OF 12/31/2019 (in euros per share) | €94.9 |

### 2.3.2. Adjusted EPRA earnings from Property Investment

Adjusted EPRA earnings from Property Investment measure the performance of the recurring (current) operations of the Office Property Investment and Healthcare Property Investment Divisions.

| (in millions of euros) | | 12/31/2019 | 12/31/2018 | Change 2019 vs. 2018 (%) |
|---|---|---|---|---|
| | NET PROFIT/(LOSS) | 338.2 | 185.4 | |
| | Net profit/(loss) from other activities [(a)] | 27.6 | 36.8 | |
| (a) | NET PROFIT/(LOSS) FROM PROPERTY INVESTMENT | 310.6 | 148.5 | |
| (i) | Changes in value of investment property and depreciation charges | (312.5) | (334.6) | |
| (ii) | Profit/(loss) on asset disposals | 207.0 | 90.7 | |
| (iii) | Profit/(loss) from acquisitions | (10.3) | (1.3) | |
| (iv) | Tax on profits or losses on disposals and impairment losses | | | |
| (v) | Negative goodwill / goodwill impairment | 2.0 | | |
| (vi) | Changes in fair value of financial instruments and restructuring of financial liabilities | (17.0) | (16.2) | |
| (vii) | Acquisition costs on share deals | | | |
| (viii) | Tax expense related to EPRA adjustments | 0.7 | 0.8 | |
| (ix) | Adjustment for equity-accounted companies | (13.3) | (15.1) | |
| (x) | Non-controlling interests | 97.8 | 87.1 | |
| (b) | TOTAL ADJUSTMENTS | (45.7) | (188.7) | |
| **(a-b)** | **EPRA EARNINGS** | **356.3** | **337.3** | **5.6%** |
| **(c)** | **Other non-recurring items** | **(2.4)** | **(1.7)** | |
| **(a-b-c)** | **ADJUSTED EPRA EARNINGS FROM PROPERTY INVESTMENT** | **358.7** | **338.9** | **5.8%** |
| | Average number of diluted shares outstanding used in the calculation | 74,012,275 | 74,114,657 | |
| | **ADJUSTED EPRA EARNINGS FROM PROPERTY INVESTMENT IN € PER SHARE** | **€4.85** | **€4.57** | **6.0%** |

*(a) Other activities include property development, intersegment transactions and other items, as well as discontinued operations.*

**Adjusted EPRA earnings from Property Investment totalled €358.7 million as of December 31, 2019, up by as much as +5.8% year-on-year. This significant increase was driven by strong operational performance in both Office and Healthcare Property Investment (see segment information).**

### 2.3.3. EPRA yield

The table below presents the adjustments to Icade's net yields that are required to obtain EPRA yields. The calculation includes Icade's three types of assets: offices, business parks and healthcare property assets. It is presented on a proportionate consolidation basis.

Icade's net yield amounted to 5.8%, a very attractive level in today's interest rate environment.

Based on the EPRA calculation method, portfolio yield stood at 4.7%. This yield includes the impact of transfer taxes, vacancy costs and rent-free periods granted.

| | 12/31/2019 | 06/30/2019 | 12/31/2018 |
|---|---|---|---|
| **ICADE NET YIELD [(a)]** | **5.8%** | **5.7%** | **5.9%** |
| Impact of estimated duties and costs | (0.3)% | (0.3)% | (0.3)% |
| Adjustment for potential rental income from vacant properties | (0.3)% | (0.3)% | (0.3)% |
| **EPRA TOPPED-UP NET INITIAL YIELD [(b)]** | **5.1%** | **5.1%** | **5.2%** |
| Inclusion of rent-free periods | (0.4)% | (0.5)% | (0.5)% |
| **EPRA NET INITIAL YIELD [(c)]** | **4.7%** | **4.6%** | **4.8%** |

*(a) Annualised net rental income from leased space plus potential net rental income from vacant space at estimated rental value, excluding lease incentives, divided by the appraised value (excluding duties) of operating properties.*
*(b) Annualised net rental income from leased space, excluding lease incentives, divided by the appraised value (including duties) of operating properties.*

*(c) Annualised net rental income from leased space, including lease incentives, divided by the appraised value (including duties) of operating properties.*

### 2.3.4. EPRA vacancy rate

The EPRA vacancy rate is defined as the ratio between the estimated rental value of vacant space and the estimated rental value of the whole portfolio. It is calculated based on operating assets as of December 31, 2019.

Below are detailed figures concerning the vacancy rate for both Property Investment portfolios, on a proportionate consolidation basis.

| *(operating assets)* | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Offices | 4.2% | 4.7% |
| Business parks | 16.3% | 10.7% |
| **OFFICE PROPERTY INVESTMENT [(a)]** | **8.3%** | **6.5%** |
| **HEALTHCARE PROPERTY INVESTMENT (on a proportionate consolidation basis)** | **0.0%** | **0.0%** |
| **TOTAL PROPERTY INVESTMENT [(a)]** | **5.9%** | **4.9%** |

*[(a)] Excluding residential properties and PPPs, including “Other assets”*

Across the whole portfolio, the EPRA vacancy rate rose by 1 pp in 2019. This increase was mainly attributable to the business park portfolio.

It is explained by the completion in H1 2019 of Pulse (a 28,860-sq.m building in the Portes de Paris business park) as the lease entered into for this building is scheduled to commence at a later date in 2020 (fully leased to the Organising Committee for the Paris 2024 Olympic and Paralympic Games).

**Including the lease signed for the Pulse building, which will start in 2020, the EPRA vacancy rate for Office Property Investment stood at 6.1% (a -0.4-pp reduction year-on-year) and 9.5% for business parks (a -1.2-pp reduction year-on-year).**

### 2.3.5. EPRA cost ratio for the Property Investment Division

Below are detailed figures on a proportionate consolidation basis concerning the cost ratio for the Office (excluding Residential Property Investment) and Healthcare Property Investment portfolios.

| | | 12/31/2019 | 12/31/2018 |
|---|---|---|---|
| | **Including:** | | |
| | Structural costs and other overhead costs | (101.0) | (111.8) |
| | Service charges net of recharges to tenants | (8.5) | (22.3) |
| | Other recharges intended to cover overhead expenses | 37.1 | 42.4 |
| | Share of overheads and expenses of equity-accounted companies | (5.4) | (3.7) |
| | Share of overheads and expenses of non-controlling interests | 9.1 | 8.8 |
| | **Excluding:** | | |
| | Ground rent costs | 0.0 | (2.2) |
| | Other service charges recovered through rents but not separately invoiced | | (0.2) |
| **(A)** | **EPRA COSTS (INCLUDING DIRECT VACANCY COSTS)** | **(68.7)** | **(84.1)** |
| | Less: direct vacancy costs | (11.9) | (14.9) |
| **(B)** | **EPRA COSTS (EXCLUDING DIRECT VACANCY COSTS)** | **(56.8)** | **(69.3)** |
| | Gross rental income less ground rent costs | 623.1 | 628.1 |
| | Plus: share of rental income less ground rent costs of equity-accounted companies | 6.3 | 8.6 |
| | Share of rental income less ground rent costs of non-controlling interests | (134.6) | (110.7) |
| **(C)** | **GROSS RENTAL INCOME** | **494.9** | **526.0** |
| **(A/C)** | **EPRA COST RATIO - PROPERTY INVESTMENT (INCL. DIRECT VACANCY COSTS)** | **13.9%** | **16.0%** |
| **(B/C)** | **EPRA COST RATIO - PROPERTY INVESTMENT (EXCL. DIRECT VACANCY COSTS)** | **11.5%** | **13.2%** |

In 2019, Icade's vacancy costs continued to go down for operating assets, reaching -€11.9 million vs. -€14.9 million in 2018 (-20.0%).

**In the financial year 2019, the EPRA cost ratio was down compared to 2018:**

- **2.1 pps including vacancy costs;**
- **1.7 pp excluding vacancy costs.**

This positive change is due in particular to:

- Our determined efforts to keep operating costs down;
- Reduced service charges that are non-recoverable due to vacant space within the Office Property Investment portfolio;
- Change in presentation of leases as a result of applying IFRS 16 – Leases from January 1, 2019;
- Significant assets acquired by the Healthcare Property Investment Division which are fully leased with high net to gross rental income ratios.

## 2.4. Financial resources

Against a backdrop of market volatility during the financial year 2019 and particularly attractive conditions in the financial markets in H2, Icade continued to optimise its financial resources.

Icade Santé, a subsidiary of the Icade Group, was assigned a first-time rating of BBB+ with a stable outlook by Standard & Poor's, in line with the rating for the Icade Group as a whole. In October 2019, Icade Santé issued its first 10-year, €500 million euro-denominated bond, with a margin of 90 bps and a fixed coupon of 0.875%. This is the lowest coupon rate ever obtained by the Group for this maturity. This new bond issue was nearly six times oversubscribed and taken up by both French and international investors, confirming their interest in the fundamentals of Icade Santé.

Another key event was a new €440.0 million mortgage entered into as part of the sale of a 49% interest in the company SAS Tour Eqho holding the Eqho Tower.

Over the course of 2019, the Group also carried out a number of financial transactions:

- Icade bonds repurchased for a total of €156.5 million;
- Refinancing of mortgages for €91 million for Icade;
- €300 million in unsecured debt and €10 million in borrowings in the form of finance leases obtained by Icade Santé;
- Prepayment of short-term debt for:
  - €55 million for Icade;
  - €150 million for Icade Santé;
- Active management of the interest rate hedging portfolio:
  - Restructuring of €100 million in fixed rate swaps with a remaining maturity of 7 years, extending the average maturity to 10 years, and early unwinding of €254 million of short-term fixed rate swaps for Icade;
  - New fixed rate swaps with an average maturity of 7 years entered into for €299.2 million and early unwinding of €100 million in short-term fixed rate swaps for Icade Santé.

**All these transactions allowed the Group to continue to implement an appropriate and optimised financial policy: lower average cost of debt, stable average debt maturity and more diversified financial resources compared to December 31, 2018.**

The Icade Group has very strong balance sheet fundamentals:

At year end, the loan-to-value (LTV) ratio excluding duties stood at 40.1%, its target level, and the interest coverage ratio (ICR) based on EBITDA remained at a high level of 5.8x.

In 2019, Standard & Poor's affirmed Icade's rating of BBB+ with a stable outlook.

### 2.4.1. Liquidity

In 2019, Icade's financial resources were adapted to meet the Group's needs by renewing existing credit lines and by actively using the outstanding amount of NEU Commercial Paper. The main financing transactions were as follows:

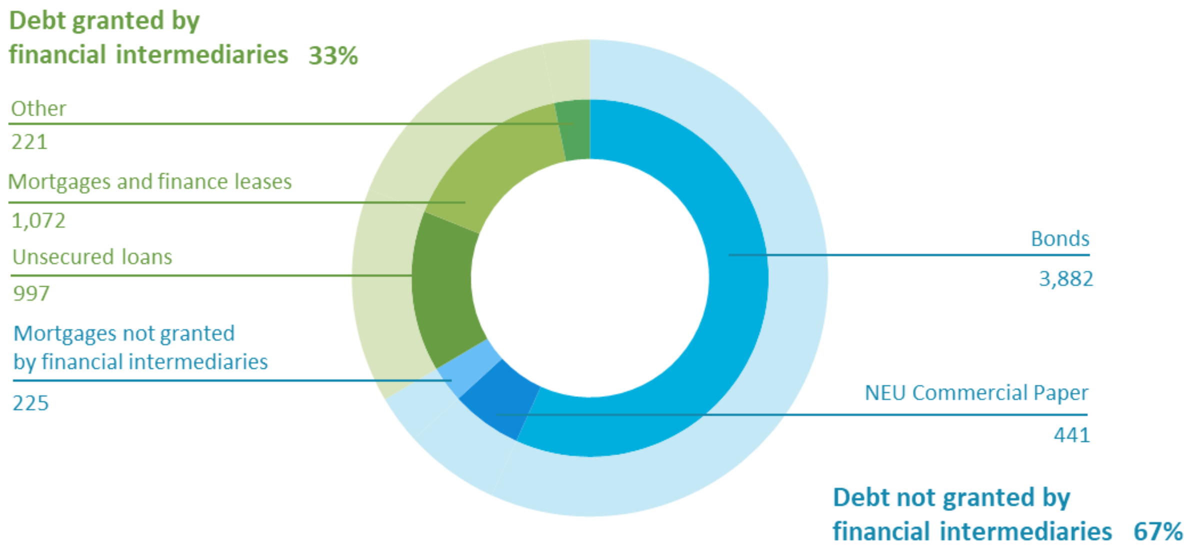
- One-year extension of revolving credit lines for €350 million;
- Issue of NEU Commercial Paper to reach an outstanding amount of €441.0 million at year end (a €121.4 million decrease between December 31, 2018 and December 31, 2019), with a high of €900.0 million earlier during the year. The average outstanding amount in 2019 was €770.6 million with an average interest rate paid on these borrowings of -0.31% over the financial year.

Icade has a fully available undrawn amount from short- and long-term credit lines of **€1,763 million**, stable compared to December 31, 2018. These undrawn amounts as of December 31, 2019 cover nearly four years of debt principal and interest payments.

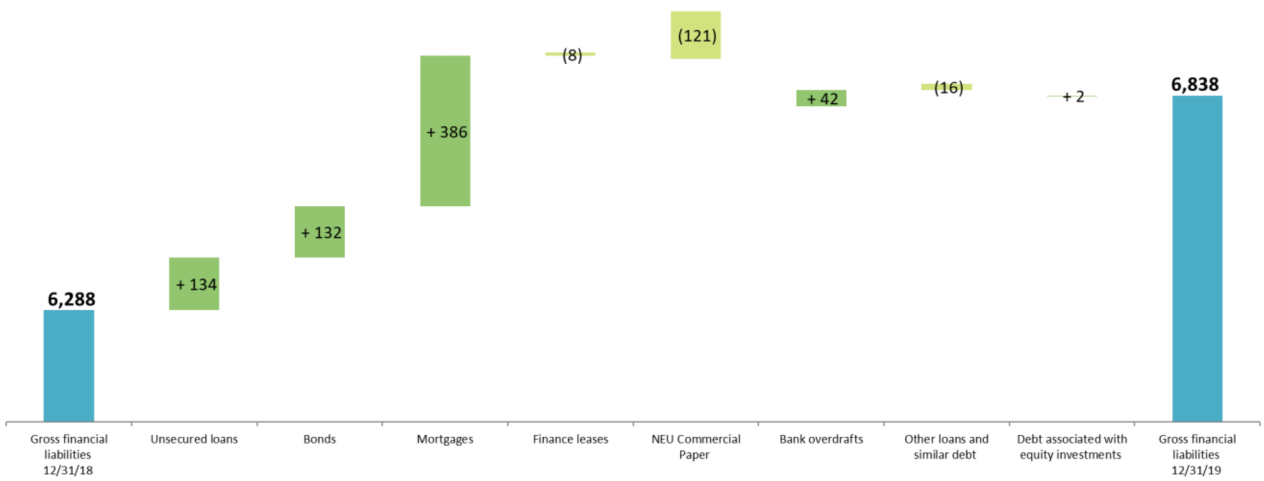
### 2.4.2. Debt structure as of December 31, 2019

#### 2.4.2.1. Debt by type

As of December 31, 2019, gross financial liabilities stood at €6,838.0 million and broke down as follows:




They stood at €6,287.8 million as of December 31, 2018. The €550.1 million change is explained in the following graph:



**Net financial liabilities amounted to €6,028.8 million as of December 31, 2019, representing an increase of €436.0 million compared to December 31, 2018.**

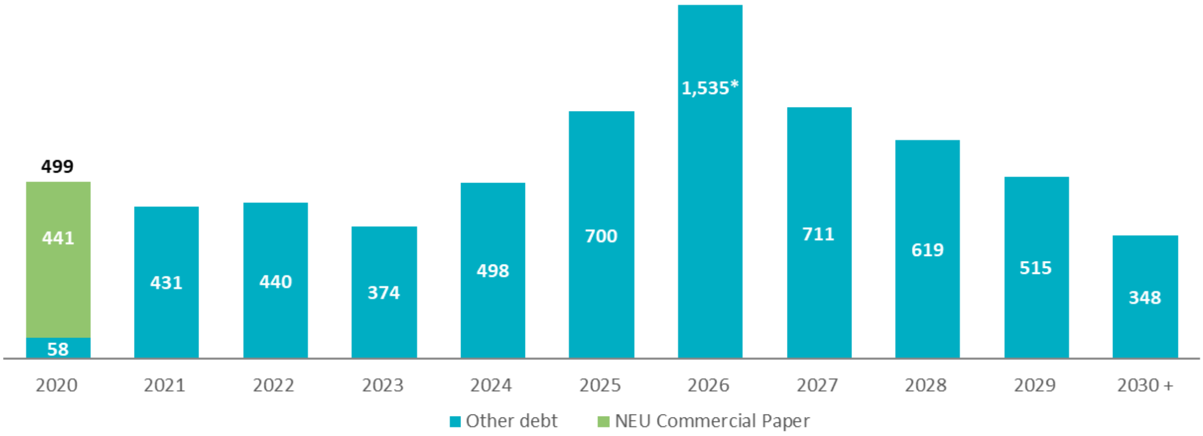
New debt secured in 2019 for a total of €1,354 million (excluding NEU Commercial Paper and revolving credit lines) had an average credit margin of 110 bps and an average maturity of 8.1 years.

### 2.4.2.2. Debt by maturity

The maturity schedule of debt drawn by Icade (excluding overdrafts) as of December 31, 2019 is as follows:

**MATURITY SCHEDULE OF DRAWN DEBT**

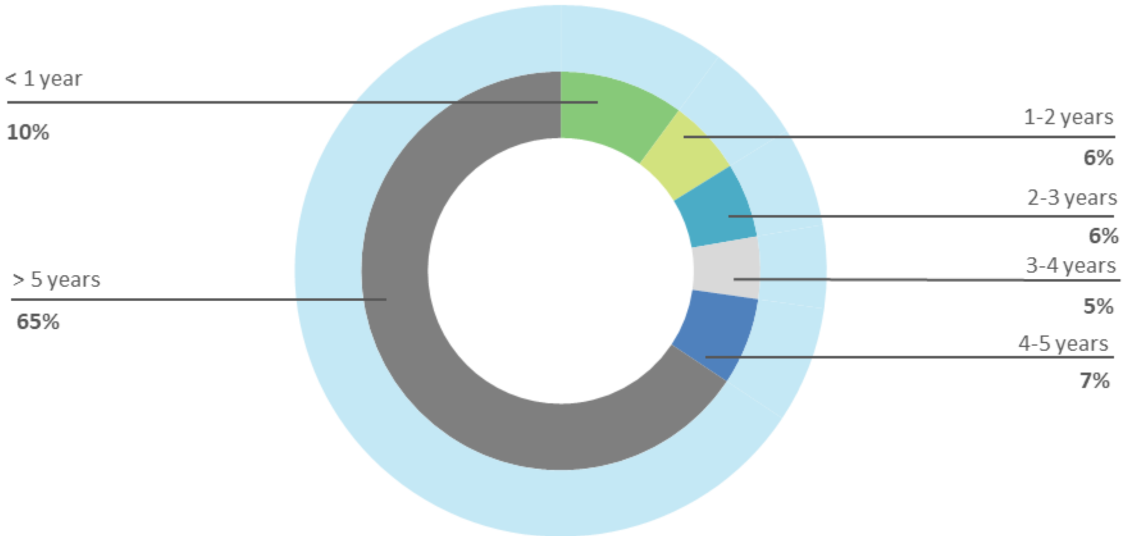
***(December 31, 2019, in millions of euros)***




*** including €440 million relating to Tour Eqho's debt. Icade has granted the buyer of the 49% interest an option to acquire the remaining 51% by December 2020.**

**BREAKDOWN OF DEBT BY MATURITY**

***(December 31, 2019)***




The average debt maturity was 6.4 years as of December 31, 2019 (excluding NEU Commercial Paper), stable compared to December 31, 2018.

### 2.4.2.3. Debt by division

After allocation of intra-group financing, almost 95% of the Group's debt is used by the Office and Healthcare Property Investment Divisions.

### 2.4.2.4. Average cost of drawn debt

In 2019, the average cost of debt was 1.37% before hedging and **1.54% after hedging**, reaching a very attractive level, compared with 1.42% and 1.55% in 2018, respectively.

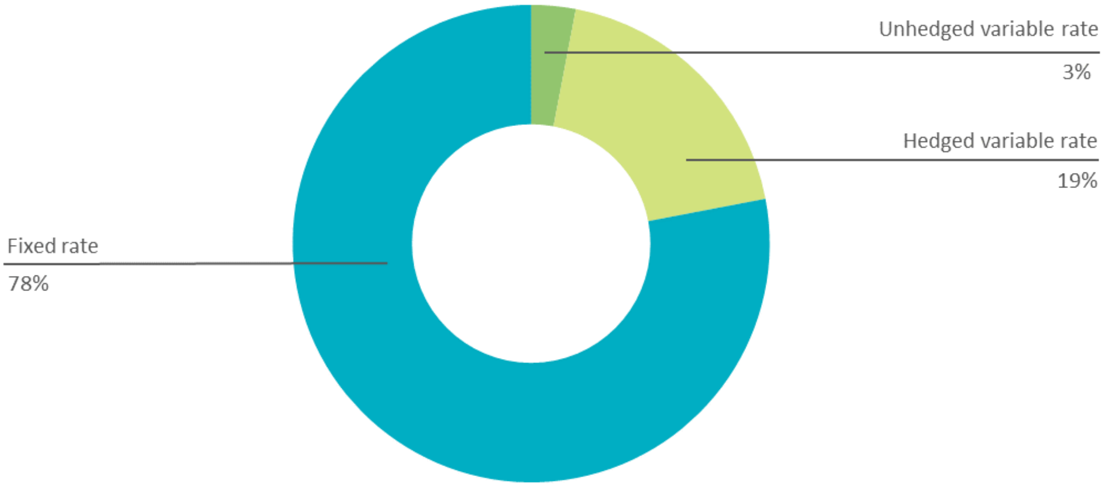
This decrease in the average cost of debt between 2018 and 2019 was achieved through the proactive management of existing debt and interest rate hedges.

### 2.4.2.5. Management of interest rate risk exposure

Variable rate debt represented nearly 22% of the Group's total debt as of December 31, 2019 (excluding debt associated with equity interests and bank overdrafts), with a high percentage of debt hedged (87% of variable rate debt).

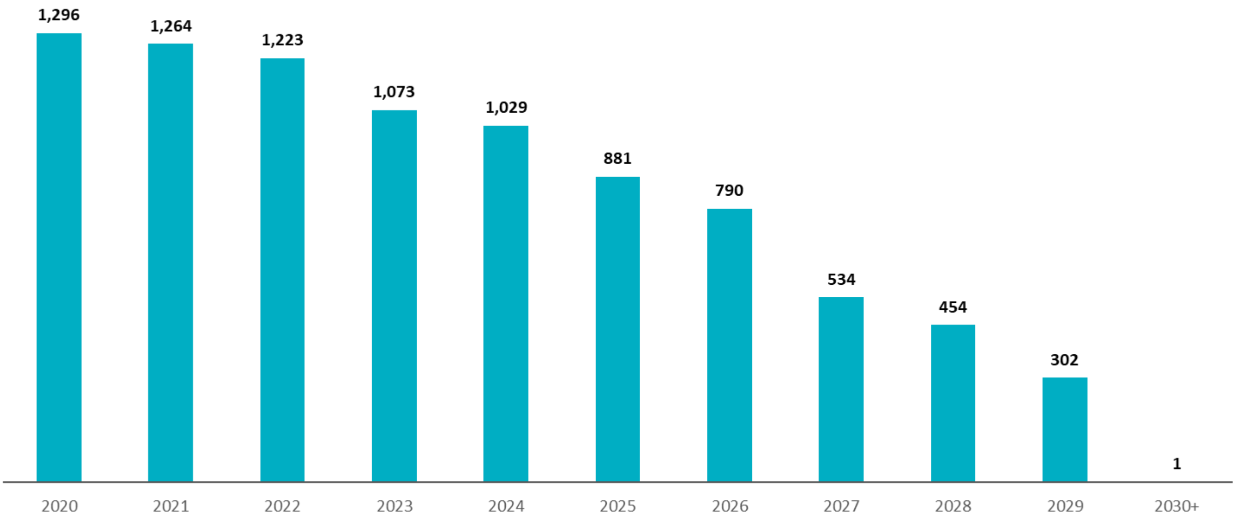
**BREAKDOWN OF DEBT BY TYPE OF RATE (EXCLUDING DEBT ASSOCIATED WITH EQUITY INTERESTS AND BANK OVERDRAFTS)**

***(December 31, 2019)***




**OUTSTANDING HEDGING POSITIONS**

***(December 31, 2019, in millions of euros)***




Most of the debt (97%) is protected against an increase in interest rates (fixed rate debt or variable rate debt hedged by interest rate swaps or options). A detailed analysis of the notional amounts of hedging instruments is shown in the notes to the consolidated financial statements.

In 2019, Icade continued its prudent debt management policy, maintaining limited exposure to interest rate risk while taking advantage of low interest rates by entering into and restructuring appropriate hedging contracts, which also allow covering future financing needs (vanilla swaps). In particular, Icade restructured its interest rate hedges by entering into fixed rate swaps, thereby extending the maturity of these hedges by several years.

The average maturity was 5.2 years for variable rate debt and 6.3 years for the related hedges, reflecting Icade's policy of anticipating coverage of future financing needs.

Finally, Icade favours classifying its hedging instruments as "cash flow hedges" according to IFRS standards; this involves recognising changes in fair value of these instruments in equity (for the effective portion), rather than in the income statement.

### 2.4.3. Credit rating

Icade has been rated by the Standard & Poor's rating agency since September 2013.

After its annual review, in November 2019, Standard & Poor's affirmed Icade's long-term rating at BBB+ with a stable outlook and its short-term rating at A2.

In addition, Icade Santé, a subsidiary of the Icade Group, was assigned a first-time rating of BBB+ with a stable outlook by Standard & Poor's in October 2019, in line with the rating for the Icade Group as a whole.

### 2.4.4. Financial structure

#### 2.4.4.1. Financial structure ratios

##### 2.4.4.1.1. Loan-to-value (LTV) ratio

The LTV ratio, which is the ratio of net financial liabilities to the latest valuation of the property portfolio including duties (on a full consolidation basis) plus the value of property development companies, stood at **38.0% as of December 31, 2019** (compared with 37.9% as of December 31, 2018). Based on the latest valuation of the portfolio excluding duties, the ratio was 40.1% as of December 31, 2019 (vs. 40.0% as of December 31, 2018).

The level reported as of December 31, 2019 is in line with Icade's policy and is fully compatible with Icade's expansion.

Excluding the impact of not including the fair value of interest rate derivatives in net debt, the adjusted LTV ratio would have been 37.8% as of December 31, 2019.

The LTV ratio calculated for the purposes of bank agreements was 42.0%, well below the covenant of 52%.

##### 2.4.4.1.2. Interest coverage ratio (ICR)

The interest coverage ratio based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies was **5.84x for the financial year 2019** (6.00x in 2018). This ratio is high, demonstrating the Company's ability to comfortably comply with its bank covenants (*see table § 2.4.4.2*).

| | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Ratio of net financial liabilities/portfolio value incl. duties (LTV)[a] | 38.0% | 37.9% |
| Interest coverage ratio (ICR) based on EBITDA plus the Group's share in profit/(loss) of equity-accounted companies | 5.84x | 6.00x |

*(a) Includes the balance sheet value of property development companies.*

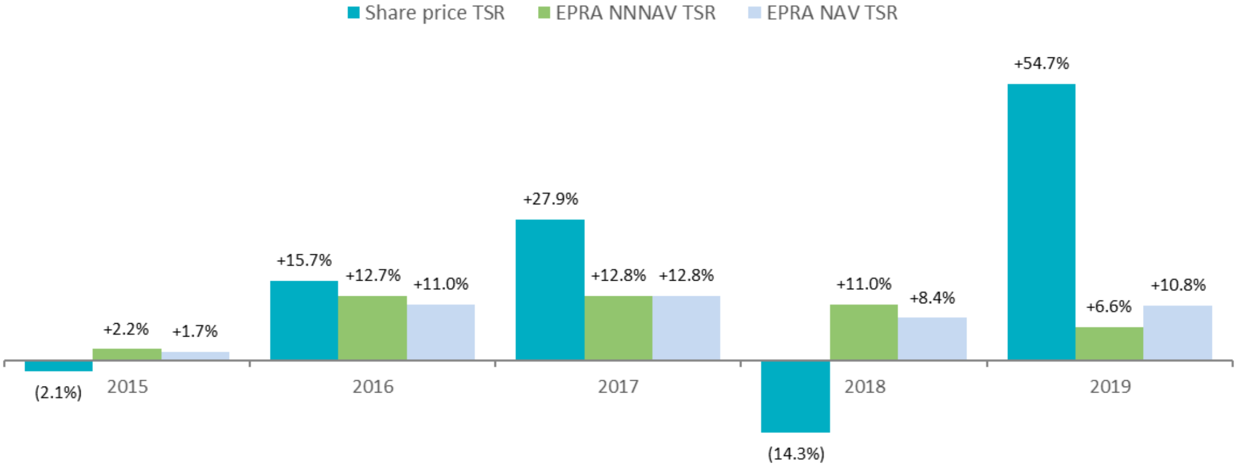
#### 2.4.4.2. Summary table of covenants

| | | Covenants | 12/31/2019 |
|---|---|---|---|
| LTV bank covenant | Maximum | < 52% | 42.0% |
| ICR | Minimum | > 2 | 5.84x |
| CDC's stake | Minimum | 34% | 38.77% |
| Value of the property portfolio [a] | Minimum | from > €2bn to > €7bn | €14.3bn |
| Debt from property development subsidiaries/ consolidated gross debt | Maximum | < 20% | 1.7% |
| Security interests in assets | Maximum | < 20% of the property portfolio | 9.1% |

*(a) Around 23.6% of the debt subject to a covenant on the value of the Property Investment Division's portfolio has a limit of €2 billion, 10.7% of the debt has a limit of €5 billion and the remaining 65.7% has a limit of €7 billion.*

**All covenants were met as of December 31, 2019 and remained comfortably within the limits.**

## 2.5. Share performance and NAV performance

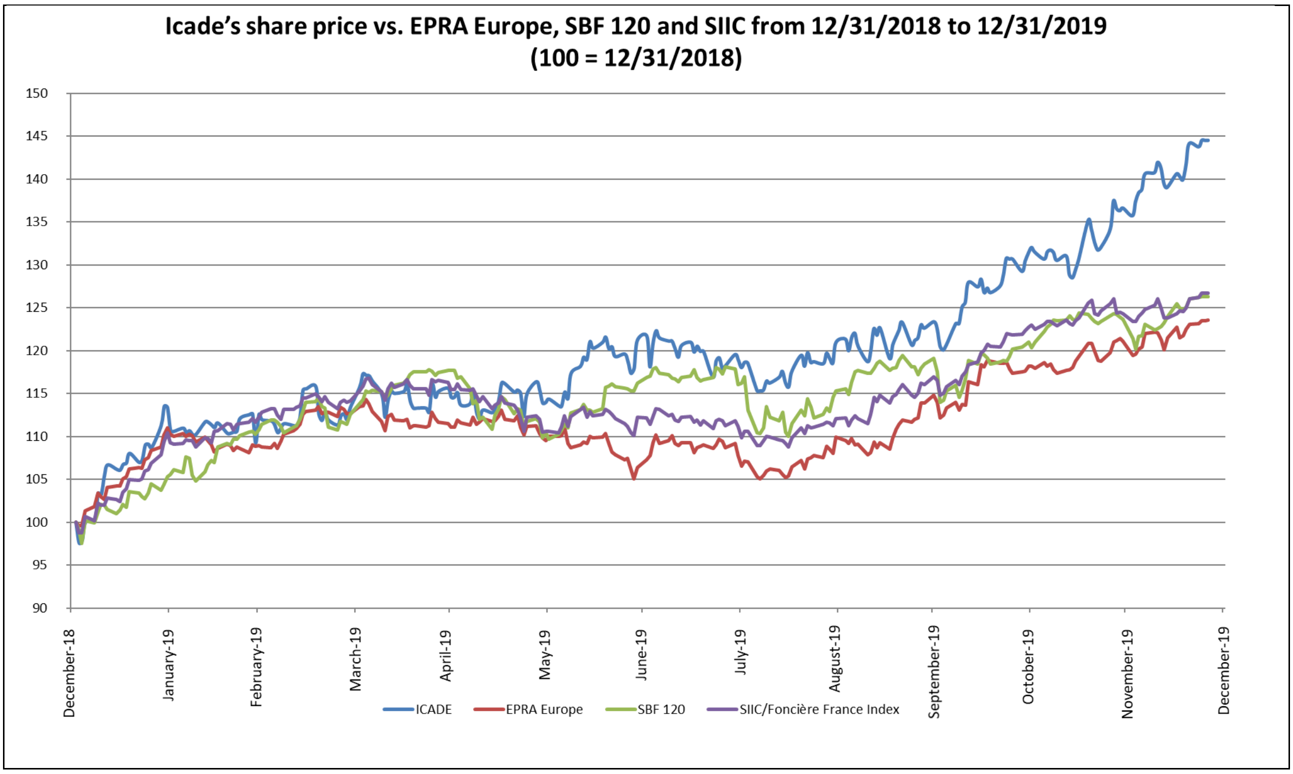



1) *The share price TSR is calculated as the difference between the share price at the end of the previous reporting period and the share price at the end of the reporting period under consideration (assuming that all dividends paid out are reinvested in shares at the closing share price as of the ex-dividend date; for the purpose of calculating 2019 TSR, €4.60 are assumed to be reinvested 50% at the closing share price of March 19, 2019 and 50% at the closing share price of July 2, 2019), divided by the share price at the end of the previous reporting period.*
2) *NAV TSR is calculated as the difference between the triple net asset value per share at the end of the previous reporting period and that recorded at the end of the reporting period under consideration (including, for the purpose of calculating 2019 TSR, the €4.60 dividend paid during the period), divided by the triple net asset value per share at the end of the previous reporting period.*

The Icade share, which stood at €97.05 as of December 31, 2019, outperformed the EPRA Europe index in 2019, with a market return of +46% (+29% for the EPRA Europe index) and a total shareholder return, with dividends reinvested, around +54.7%.

NAV TSR based on the change in triple net asset value was 6.6% for the financial year 2019, affected by the negative impact of changes in fair value on Icade's financial liabilities (fixed rate debt, derivatives).

**NAV TSR based on net asset value was 10.8% for 2019, vs. 8.4% in 2018.**



Icade outperformed the EPRA index for the 4th year in a row. Following its Investor Day, at which an update was given on the progress of the new Strategic Plan, and thanks to a flurry of positive news at the end of the year, Icade saw its share price rise by almost 18% in Q4 2019.

## 2.6. Outlook

**Icade's priorities** for the year 2020 are as follows:

- Continued disciplined execution of the Strategic Plan to 2022;
- Office Property Investment: slowdown in disposals and stepped-up pipeline investments;
- Healthcare Property Investment: further growth and international expansion;
- Property Development: implementation of the 2020–2024 roadmap;
- CSR: continued focus on low carbon;
- Integrating our Purpose into all our activities.

**FY 2020 guidance:**

- **In 2020, Group net current cash flow per share is expected to be slightly lower than in 2019.** Excluding the impact of significant disposals completed in 2019, NCCF should grow by about +5.0% in 2020;

- **2020 dividend policy:** Dividend up: Payout ratio of 90% of NCCF + distribution of part of the gains on 2019 disposals.

# 3. Property Investment Divisions

## 3.1. Income statement and valuation of property assets for the Property Investment Divisions (EPRA indicators)

Icade is a property investment company with two main asset classes: offices and healthcare property assets.

The asset portfolios (properties and land) of both of Icade's Property Investment Divisions are as follows:

- The **Office Property Investment** portfolio, worth **€8.5 billion** on a proportionate consolidation basis (€9.1 billion on a full consolidation basis) consists primarily of office buildings located in the Paris region and, to a lesser extent, in major French cities outside Paris (less than 10% of the portfolio). It breaks down between office assets valued at €6.4 billion and business parks (covering several hectares and mainly comprising office assets, but also business premises and warehouses) valued at €1.8 billion. It also includes a portfolio of hotels and a portfolio of residual assets made up of retail, housing and non-strategic assets (worth €350.7 million as of December 31, 2019, i.e. 4.1% of the Office Property Investment Division's portfolio);
- The **Healthcare Property Investment** portfolio, worth **€5.3 billion** on a full consolidation basis (€3.0 billion on a proportionate consolidation basis), which includes:
  - Icade Santé—which is 56.84% owned by Icade—and its subsidiaries, all owning property assets located in France: the portfolio is mainly made up of private healthcare properties such as acute care (medicine, surgery and obstetrics) and post-acute care (PAC) facilities. Since 2017, Icade Santé has pursued a strategy of diversification into the nursing home segment. Such assets now represent 5.7% of the portfolio of assets located in France;
  - The property assets located in other European countries, mainly owned by Icade Healthcare Europe (IHE) (a 59.39% subsidiary of Icade): the portfolio consists primarily of nursing homes and was valued at €303.9 million on a full consolidation basis (€186.7 million on a proportionate consolidation basis) as of December 31, 2019;
  - The minority shareholders of both entities are French life insurers.

### 3.1.1. EPRA income statement for the Property Investment Divisions

The following table summarises the IFRS income statement for the Office and Healthcare Property Investment Divisions and shows adjusted EPRA earnings from Property Investment, which is the main indicator used to analyse the performance of these two divisions.

Net profit/(loss) attributable to the Group stood at €275.5 million as of December 31, 2019, a sharp rise year-on-year thanks to substantial gains on disposals. Adjusted EPRA earnings amounted to €358.7 million, a significant increase of +5.8% compared to 2018, reflecting a proactive day-to-day management of the assets held in the portfolio.

| | 12/31/2019 | | | 12/31/2018 | | |
|---|---|---|---|---|---|---|
| **(in millions of euros)** | Adjusted EPRA earnings from Property Investment | Non-recurring (a) | Total Property Investment | Adjusted EPRA earnings from Property Investment | Non-recurring (a) | Total Property Investment |
| GROSS RENTAL INCOME | 635.9 | - | 635.9 | 643.4 | - | 643.4 |
| NET RENTAL INCOME | 621.3 | - | 621.3 | 614.8 | - | 614.8 |
| NET TO GROSS RENTAL INCOME RATIO | *97.7%* | *0.0%* | *97.7%* | *95.6%* | *0.0%* | *95.6%* |
| Net operating costs | (66.0) | (2.4) | (68.4) | (74.5) | (1.7) | (76.2) |
| Profit/(loss) from other activities | - | - | - | (0.2) | - | (0.2) |
| EBITDA | 555.3 | (2.4) | 552.9 | 540.1 | (1.7) | 538.5 |
| Depreciation and impairment | (10.0) | (312.5) | (322.5) | (8.1) | (334.6) | (342.7) |
| Profit/(loss) from acquisitions | - | (8.3) | (8.3) | - | (1.3) | (1.3) |
| Profit/(loss) on asset disposals | - | 207.0 | 207.0 | - | 90.7 | 90.7 |
| Share of profit/(loss) of equity-accounted companies | 0.8 | (13.3) | (12.5) | 4.6 | (15.1) | (10.5) |
| OPERATING PROFIT/(LOSS) | 546.2 | (129.6) | 416.6 | 536.6 | (262.0) | 274.6 |
| Cost of net debt | (93.4) | - | (93.4) | (96.3) | - | (96.3) |
| Other finance income and expenses | 8.4 | (17.0) | (8.6) | (6.9) | (16.2) | (23.1) |
| FINANCE INCOME/(EXPENSE) | (85.0) | (17.0) | (102.0) | (103.2) | (16.2) | (119.4) |
| Tax expense | (4.7) | 0.7 | (4.0) | (7.4) | 0.8 | (6.6) |
| NET PROFIT/(LOSS) | 456.5 | (145.9) | 310.6 | 426.0 | (277.5) | 148.5 |
| Net profit/(loss) attributable to non-controlling interests | 97.8 | (62.7) | 35.1 | 87.1 | (59.1) | 28.0 |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **358.7** | **(83.2)** | **275.5** | **338.9** | **(218.4)** | **120.5** |

*(a) The "Non-recurring" column includes depreciation charges for investment property, profit/(loss) on disposals, fair value adjustments to financial instruments, and other non-recurring items.*

## 3.2. Valuation of the Property Investment Divisions' property assets

The valuation methods used by the independent property valuers are described in the notes to the consolidated financial statements.

In summary, assets are classified as follows:

- Offices and business parks of the Office Property Investment Division;
- Other Office Property Investment assets, which consist of housing units, hotels, warehouses, public-sector properties and projects held as part of public-private partnerships (PPPs) and shops (especially the Millénaire shopping centre);
- The assets of the Healthcare Property Investment Division.

**As of December 31, 2019, the aggregate value of the property portfolios of the two Property Investment Divisions stood at €14,340.4 million (€11,538.4 million on a proportionate consolidation basis), up 2.2% on a reported basis and +2.6% on a like-for-like basis, reflecting in particular increases in property values in the office segment.**

**The total portfolio value including duties stood at €15,155.7 million (€12,182.9 million on a proportionate consolidation basis).**

As the Office Property Investment Division stepped up its disposals of core assets (over €1 billion in assets sold during the year), the portfolio's value on a proportionate consolidation basis was down -2.6% on a reported basis at €8.5 billion, **despite a +2.9% increase on a like-for-like basis**.

The value of the healthcare portfolio grew by as much as +18.6%, due mainly to acquisitions in France, Germany and Italy. As of December 31, 2019, it reached €3.0 billion on a proportionate consolidation basis.

It should be noted that the values reported by Icade are excluding duties, unless otherwise specified.

| *(Portfolio value excl. duties on a proportionate consolidation basis)* | 12/31/2019 (in €m) | 12/31/2018 Restated* (in €m) | Change (in €m) | Change (in %) | Like-for-like change (in €m) [(a)] | Like-for-like change (in %) [(a)] | Total floor area on a proportionate consolidation basis (in sq.m) | Price [(b)] (in €/sq.m) | Net initial yield excl. duties (in %) [(c)] | EPRA vacancy rate (in %) [(d)] |
|---|---|---|---|---|---|---|---|---|---|---|
| **Offices** | | | | | | | | | | |
| Paris | 1,710.3 | 1,599.6 | +110.7 | +6.9% | +76.4 | +4.8% | 192,210 | 8,898 | 4.3% | 1.6% |
| La Défense/Peri-Défense | 1,654.3 | 1,969.3 | (315.0) | (16.0%) | +9.3 | +0.6% | 233,094 | 7,097 | 5.5% | 5.1% |
| Other Western Crescent | 70.2 | 639.5 | (569.3) | (89.0%) | +3.4 | +5.2% | 8,579 | 8,184 | 5.3% | 1.9% |
| Inner Ring | 1,233.1 | 1,092.2 | +140.9 | +12.9% | +21.4 | +2.0% | 191,349 | 6,444 | 5.2% | 2.1% |
| Outer Ring | 0.0 | 2.9 | (2.9) | (100.0%) | - | - | - | N/A | N/A | N/A |
| Total Paris region | 4,667.9 | 5,303.5 | (635.6) | (12.0%) | +110.5 | +2.2% | 625,232 | 7,466 | 5.0% | 3.1% |
| Outside the Paris region | 616.8 | 501.4 | +115.4 | +23.0% | +49.2 | +9.8% | 171,748 | 3,591 | 5.7% | 11.3% |
| Total operating office properties | 5,284.7 | 5,804.9 | (520.2) | (9.0%) | +159.6 | +2.9% | 796,980 | 6,631 | 5.1% | 4.2% |
| Land bank and floor space awaiting refurbishment (not leased) (e) | 10.9 | 11.9 | (1.0) | (8.0%) | +2.2 | +25.7% | | | | |
| Projects under development | 1,053.0 | 777.2 | +275.8 | +35.5% | +52.2 | +6.7% | | | | |
| Off-plan acquisition | 27.3 | 13.8 | +13.5 | +97.7% | +0.3 | +2.5% | | | | |
| TOTAL OFFICES | 6,375.9 | 6,607.7 | (231.8) | (3.5%) | +214.4 | +3.8% | 796,980 | 6,631 | 5.1% | 4.2% |
| **Business parks** | | | | | | | | | | |
| Inner Ring | 875.2 | 853.0 | +22.2 | +2.6% | +7.5 | +0.9% | 323,069 | 2,709 | 7.4% | 19.5% |
| Outer Ring | 764.2 | 740.4 | +23.7 | +3.2% | +5.1 | +0.7% | 379,636 | 2,013 | 8.3% | 12.9% |
| Total Paris region | 1,639.4 | 1,593.5 | +45.9 | +2.9% | +12.7 | +0.8% | 702,705 | 2,333 | 7.8% | 16.3% |
| Land bank and floor space awaiting refurbishment (not leased) (e) | 137.1 | 136.5 | +0.7 | +0.5% | +2.9 | +2.1% | | | | |
| Projects under development | 16.9 | 12.6 | +4.3 | +33.8% | +1.0 | +8.2% | | | | |
| TOTAL BUSINESS PARKS | 1,793.4 | 1,742.5 | +50.9 | +2.9% | +16.6 | +0.9% | 702,705 | 2,333 | 7.8% | 16.3% |
| TOTAL OFFICES AND BUSINESS PARKS | 8,169.2 | 8,350.2 | (181.0) | (2.2%) | +231.0 | +3.1% | 1,499,686 | 4,617 | 5.7% | 8.2% |
| **Other Office Property Investment assets [(f)]** | 350.7 | 394.9 | (44.2) | (11.2%) | (3.9) | (1.1%) | 124,167 | 1,700 | 8.8% | 12.8% |
| TOTAL OFFICE PROPERTY INVESTMENT ASSETS | 8,519.9 | 8,745.1 | (225.2) | (2.6%) | +227.0 | +2.9% | 1,623,852 | 4,394 | 5.8% | 8.3% |
| **Healthcare Property Investment** | | | | | | | | | | |
| Paris region | 389.9 | 390.1 | (0.2) | (0.1%) | +4.6 | +1.2% | 100,594 | 3,876 | 5.6% | 0.0% |
| Outside the Paris region | 2,419.3 | 2,145.3 | +274.0 | +12.8% | +38.4 | +1.8% | 867,387 | 2,789 | 5.7% | 0.0% |
| Italy | 28.0 | 0.0 | +28.0 | N/A | - | - | 27,600 | 1,015 | 5.9% | 0.0% |
| Germany | 154.0 | 0.0 | +154.0 | N/A | - | - | 68,120 | 2,261 | 5.0% | 0.0% |
| TOTAL | 2,991.2 | 2,535.4 | +455.8 | +18.0% | +42.9 | +1.7% | 1,063,701 | 2,812 | 5.7% | 0.0% |
| Projects under development | 26.1 | 8.1 | +18.0 | +220.7% | +0.7 | +8.2% | | | | |
| Land bank and floor space awaiting refurbishment (not leased) (e) | 1.1 | 2.4 | (1.3) | (54.7%) | (1.3) | (54.8%) | | | | |
| TOTAL HEALTHCARE PROPERTY INVESTMENT | 3,018.4 | 2,545.9 | +472.5 | +18.6% | +42.3 | +1.7% | 1,063,701 | 2,838 | 5.7% | 0.0% |
| Incl. France | 2,831.7 | 2,545.9 | +285.8 | +11.2% | +42.3 | +1.7% | 970,834 | 2,917 | 5.7% | 0.0% |
| Incl. international | 186.7 | 0.0 | +186.7 | N/A | - | - | 95,720 | 7,951 | 5.2% | 0.0% |
| GRAND TOTAL | 11,538.4 | 11,291.0 | +247.3 | +2.2% | +269.3 | +2.6% | 2,687,553 | 3,778 | 5.8% | 5.9% |
| *Including assets consolidated using the equity method* | *132.8* | *131.2* | *+1.6* | *+1.2%* | *(4.7)* | *(3.6%)* | | | | |

** Adjusted for the asset reclassifications made between the two periods, including reclassifications from "Projects under development" to the "Operating" category upon completion of a property, and the above-mentioned reclassifications.*
*(a) Net change in disposals for the period, investments and changes in value of assets treated as financial receivables (PPPs).*
*(b) Established based on the appraised value excluding duties.*
*(c) Annualised net rental income from leased space plus potential net rental income from vacant space at estimated rental value, divided by the appraised value (excluding duties) of leasable space.*
*(d) Calculated based on the estimated rental value of vacant space divided by the overall estimated rental value.*
*(e) Properties that are completely vacant, held for sale, or due to be refurbished or demolished.*
*(f) Indicators (total floor area, price in €/sq.m, EPRA net initial yield excluding duties, and EPRA vacancy rate) are presented excluding PPPs and residential properties.*

## 3.3. Office Property Investment Division

### 3.3.1. Changes in value of the Office Property Investment portfolio on a proportionate consolidation basis

| *(on a proportionate consolidation basis)* | Fair value as of 12/31/2018 | Fair value of assets sold as of 12/31/2018 (a) | Investments and other (b) | Like-for-like change (€m) | Like-for-like change (%) | Fair value as of 12/31/2019 |
|---|---|---|---|---|---|---|
| Offices | 6,607.7 | (945.1) | 498.8 | +214.4 | +3.8% | 6,375.9 |
| Business parks | 1,742.5 | - | 34.3 | +16.6 | +0.9% | 1,793.4 |
| OFFICES AND BUSINESS PARKS | 8,350.2 | (945.1) | 533.1 | +231.0 | +3.1% | 8,169.2 |
| Other Office Property Investment assets | 394.9 | (45.1) | 4.8 | (3.9) | -1.1% | 350.7 |
| **TOTAL** | **8,745.1** | **(990.2)** | **538.0** | **227.0** | **+2.9%** | **8,519.9** |

*(a) Includes bulk sales and partial sales (assets for which Icade's ownership interest decreased during the period).*

*(b) Includes capex, the amounts invested in 2019 in off-plan acquisitions, and acquisitions (bulk acquisitions and assets for which Icade's ownership interest increased during the period). Also includes the restatement of transfer duties and acquisition costs, changes in value of assets acquired during the financial year, works to properties sold, changes in transfer duties and changes in value of assets treated as financial receivables.*

The year 2019 was marked by (i) continued asset rotation with a significant disposal volume (see paragraph 3.3.3 Asset disposals) (€1.1 billion) and (ii) acquisitions and significant investments, mainly in the development pipeline (see paragraph 3.3.2 Investments).

The value of Office Property Investment assets increased by as much as +2.9% on a like-for-like basis (+€227 million).

Disposals of office properties were carried out on very favourable terms, 12.6% above their appraised value as of December 31, 2018.

**OFFICES**

As of December 31, 2019, the office portfolio was worth €6,375.9 million vs. €6,607.7 million at the end of 2018, a decrease of €231.8 million. Excluding the impact of disposals and investments completed during the period, the value of the office portfolio was up by **+€214.4 million (i.e. +3.8%)** on a like-for-like basis. The increase was +8.8% in major French cities outside Paris, driven not only by the attractiveness of these markets but also by the strong rental performance of recently completed properties.

On a full consolidation basis, the office portfolio was worth €6,891.0 million vs. €6,758.6 million as of December 31, 2018.

Completions and the development pipeline had a substantial positive impact on the value of the office portfolio (+€83.6 million like-for-like).

**BUSINESS PARKS**

As of December 31, 2019, the value of the business park portfolio was €1,793.4 million vs. €1,742.5 million as of the end of 2018, i.e. an increase of €50.9 million (+2.9%). Excluding the impact of disposals and investments completed during the period, the value of the business park portfolio was up +€16.6 million (i.e. +0.9%).

**OTHER OFFICE PROPERTY INVESTMENT ASSETS**

As of December 31, 2019, other Office Property Investment assets were valued at €350.7 million vs. €394.9 million at the end of 2018, down -€44.2 million (-11.2%). Excluding the impact of disposals and investments completed during the period, the value of the portfolio declined by -€3.9 million (i.e. -1.1%).

### 3.3.2. Investments

As of December 31, 2019, investments amounted to €534.4 million (vs. €515.3 million in 2018) with:

- €337.2 million i.e. more than 60% of investments in the development pipeline, including
  - Investments in off-plan projects for €65.5 million, including €42.7 million for projects completed in 2019 (Gambetta, Spring A and Eko Active);
  - Projects under development for €271.7 million including Origine for €120.5 million.

  It should be noted that during the financial year, eight pipeline assets were completed, including two in business parks (Pulse and Le Monaco);
- Acquisitions for €128.4 million. They related primarily to the Pointe Métro 1 asset (23,500 sq.m) located in Gennevilliers (Hauts-de-Seine) acquired for €123.0 million in September 2019.

Other investments, encompassing "Other capex" and "Other" for €68.8 million, related mainly to building maintenance work and tenant improvements.

| *(in millions of euros)* | Operating asset acquisitions | Investments in off-plan projects | Projects under development | Other capex | Other | Total |
|---|---|---|---|---|---|---|
| Offices | 123.0 | 65.5 | 258.1 | 27.5 | 18.1 | 492.2 |
| Business parks | - | - | 13.6 | 19.9 | 0.9 | 34.4 |
| OFFICES AND BUSINESS PARKS | 123.0 | 65.5 | 271.7 | 47.4 | 19.0 | 526.6 |
| Other assets | 5.4 | | -0.0 | 2.3 | 0.1 | 7.8 |
| **OFFICE PROPERTY INVESTMENT** | **128.4** | **65.5** | **271.7** | **49.7** | **19.1** | **534.4** |

**Development projects**

Icade has significant development projects representing a total investment of €2.2 billion and nearly 380,000 sq.m including 231,000 sq.m already started.

**The expected yield on cost of these projects is 6.3%.**

During the financial year 2019, eight assets were completed (103,400 sq.m and potential rental income of **€32.9 million**), the most significant ones being Pulse (29,000 sq.m), Gambetta (20,000 sq.m) and Spring A (18,500 sq.m). **Investments** made in these 8 completions totalled **€509 million, with €155 million in value creation** (31% of the invested amount).

The average financial occupancy rate for all projects completed in 2019 was 65.3% (94.0% assuming that the Pulse lease has already started).

| Project name [(a)] | Location | Type of works | Property type | Estimated date of completion | Floor area | Expected rental income | Yield on cost [(b)] | Total investment [(c)] | Remaining to be invested > 2019 | % pre-let or pre-sold |
|---|---|---|---|---|---|---|---|---|---|---|
| B007 (Urssaf) | PONT DE FLANDRE | Construction | Offices | Q1 2020 | 8,540 | | | 39 | 2 | 100% |
| 19 Quai Rive Neuve | MARSEILLE | Redevelopment | Offices | Q1 2020 | 3,112 | | | 15 | 1 | 100% |
| TOULOUSE - LATÉCOÈRE | TOULOUSE | Construction | Offices | Q3 2020 | 12,717 | | | 41 | 14 | 100% |
| PARK VIEW | LYON | Redevelopment | Offices | Q3 2020 | 22,980 | | | 81 | 29 | 12% |
| FONTANOT | NANTERRE | Refurbishment | Offices | Q4 2020 | 16,350 | | | 108 | 25 | 100% |
| ORIGINE | NANTERRE | Redevelopment | Offices | Q1 2021 | 65,000 | | | 447 | 116 | 78% |
| B034 | PONT DE FLANDRE | Refurbishment | Hotel | Q2 2021 | 4,519 | | | 30 | 17 | 100% |
| FRESK | SOUTH LOOP | Refurbishment | Offices | Q2 2021 | 20,542 | | | 219 | 53 | 0% |
| TIME (formerly Pôle Numérique) | PORTES DE PARIS | Construction | Offices/Business centre | Q4 2022 | 9,400 | | | 45 | 40 | 0% |
| HUGO (formerly B32) | MILLÉNAIRE | Construction | Offices | Q4 2023 | 27,695 | | | 130 | 101 | 0% |
| VICTOR (formerly B2) | MILLÉNAIRE | Construction | Offices | Q4 2023 | 40,582 | | | 190 | 150 | 0% |
| TOTAL PROJECTS STARTED | | | | | 231,437 | 85.8 | 6.4% | 1,346 | 546 | 42% |
| TOTAL PROJECTS NOT COMMITTED | | | | | 144,929 | 55.7 | 6.2% | 901 | 726 | 0% |
| **TOTAL PIPELINE** | | | | | **376,366** | **141.5** | **6.3%** | **2,247** | **1,272** | **25%** |

*Notes: on a full consolidation basis*

*(a) Includes identified projects on secured plots of land, which have started or will start within 24 months.*

*(b) YoC = headline rental income / cost of the project as approved by Icade's governance bodies (as defined in (c)).*

*(c) Total investment includes the fair value of land (or building), cost of works, tenant improvements, finance costs and other fees*

### 3.3.3. Asset disposals

In accordance with its Strategic Plan, Icade continued its asset rotation policy. As a result, disposals totalled €1,069.0 million in the financial year ended, in particular with two major transactions in the office segment:

- Crystal Park building (44,000 sq.m) in Neuilly-sur-Seine (Hauts-de-Seine), sold for €691.0 million excluding duties;
- Sale of a 49.0% interest in the company holding the Eqho Tower (79,000 sq.m) in the La Défense business district, representing an asset value of €365.0 million. An option to purchase the remaining share capital (51.0%) may be exercised by the same buyer by December 2020;
- Other disposals related to non-strategic assets.

On average, these transactions were completed 12.6% above the appraised value of office assets as of December 31, 2018. They generated **a €209.4 million capital gain which had a substantial positive impact on profit for the year** (excluding the impact of the sale of the Eqho Tower; €61.0 million recognised directly in equity).

### 3.3.4. Adjusted EPRA earnings from Office Property Investment as of December 31, 2019

| (in millions of euros) | 12/31/2019 Adjusted EPRA earnings from Office Property Investment | 12/31/2019 Non-recurring (a) | 12/31/2019 Total Office Property Investment | 12/31/2018 Adjusted EPRA earnings from Office Property Investment | 12/31/2018 Non-recurring (a) | 12/31/2018 Total Office Property Investment |
|---|---|---|---|---|---|---|
| GROSS RENTAL INCOME | 371.2 | - | 371.2 | 402.4 | - | 402.4 |
| NET RENTAL INCOME | 357.9 | - | 357.9 | 378.9 | - | 378.9 |
| NET TO GROSS RENTAL INCOME RATIO | 96.4% | 0.0% | 96.4% | 94.2% | 0.0% | 94.2% |
| Net operating costs | (49.7) | (2.4) | (52.1) | (62.0) | (1.7) | (63.6) |
| Profit/(loss) from other activities | - | - | - | (0.2) | - | (0.2) |
| EBITDA | 308.1 | (2.4) | 305.7 | 316.7 | (1.7) | 315.1 |
| Depreciation and impairment | (10.0) | (194.1) | (204.1) | (8.1) | (219.1) | (227.3) |
| Profit/(loss) from acquisitions | - | (1.0) | (1.0) | - | - | - |
| Profit/(loss) on asset disposals | - | 209.4 | 209.4 | - | 90.7 | 90.7 |
| Share of profit/(loss) of equity-accounted companies | 0.8 | (13.3) | (12.5) | 4.6 | (15.1) | (10.5) |
| OPERATING PROFIT/(LOSS) | 299.0 | (1.5) | 297.5 | 313.2 | (145.2) | 168.0 |
| Cost of net debt | (61.0) | - | (61.0) | (66.7) | - | (66.7) |
| Other finance income and expenses | 9.4 | (16.0) | (6.6) | (6.3) | (6.2) | (12.4) |
| FINANCE INCOME/(EXPENSE) | (51.6) | (16.0) | (67.5) | (72.9) | (6.2) | (79.1) |
| Tax expense | (2.0) | 0.7 | (1.3) | (5.3) | 0.1 | (5.1) |
| NET PROFIT/(LOSS) | 245.4 | (16.8) | 228.6 | 235.0 | (151.3) | 83.7 |
| Net profit/(loss) attributable to non-controlling interests | 6.6 | (7.0) | (0.5) | 4.3 | (4.3) | (0.1) |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **238.9** | **(9.7)** | **229.1** | **230.7** | **(146.9)** | **83.8** |

*(a) The "Non-recurring" column includes depreciation charges for investment property, profit/(loss) on disposals, fair value adjustments to financial instruments, and other non-recurring items.*

Against a backdrop of accelerated asset disposals for the last 18 months (Paris Nord 2 and Colombes business parks and Axe Seine building in 2018, and Crystal Park building in 2019), **gross rental income** from Office Property Investment stood at €371.2 million, slightly down by -7.8% compared to 2018 (€402.4 million). Leasing activity remained strong and allowed to partly offset the decline in rental income due to asset disposals.

**Net operating costs** from the Office Property Investment Division stood at €52.1 million, a significant decrease compared to 2018 (see section 2.3.5 "EPRA reporting – EPRA cost ratio from Property Investment").

The recurring portion of finance income/(expense) from Office Property Investment amounted to -€51.6 million as of December 31, 2019 vs. -€72.9 million as of December 31, 2018. This 29.3% improvement stems primarily from dividends received in 2019 from unconsolidated companies during the period totalling €16.3 million, including a single transaction accounting for €15 million. Excluding this impact, finance costs remained stable year-on-year.

**Thus, adjusted EPRA earnings from Office Property Investment reached €238.9 million (€3.23 per share) as of December 31, 2019 vs. €230.7 million (€3.11 per share) as of December 31, 2018, i.e. a 3.5% year-on-year increase.**

**Net profit/(loss) attributable to the Group, including capital gains realised on disposals, soared year-on-year to €229.1 million.**

### 3.3.5. Rental income from Office Property Investment as of December 31, 2019

| *(in millions of euros)* | 12/31/2018 | Asset acquisitions | Asset disposals | Completions/ Developments/ Refurbishments | Leasing activity and index-linked rent reviews | 12/31/2019 | Total change | Like-for-like change |
|---|---|---|---|---|---|---|---|---|
| Offices | 259.5 | 2.1 | (15.6) | (0.2) | 2.2 | 248.0 | -4.4% | 1.0% |
| Business parks | 116.7 | - | (24.4) | (0.6) | 3.0 | 94.7 | -18.9% | 3.1% |
| OFFICES AND BUSINESS PARKS | 376.2 | 2.1 | (40.0) | (0.8) | 5.2 | 342.7 | -8.9% | 1.6% |
| Other assets | 31.2 | - | (2.0) | 0.3 | 0.3 | 29.8 | -4.5% | 1.8% |
| Intra-group transactions from Property Investment | (5.0) | - | 4.0 | (0.0) | (0.3) | (1.3) | N/A | N/A |
| GROSS RENTAL INCOME | 402.4 | 2.1 | (38.0) | (0.5) | 5.2 | 371.2 | -7.8% | 1.6% |

**Gross rental income** from Office Property Investment for the financial year 2019 amounted to €371.2 million.

Gross rental income dropped by -4.4% in the office segment and -18.9% in the business park segment (Paris Nord and Colombes business parks sold in 2018).

**On a like-for-like basis, gross rental income rose by +1.6%, buoyed by an overall robust and resilient leasing activity for offices (+1.0%) and business parks (3.1%).**

**Net rental income** from Office Property Investment totalled €357.9 million for the year 2019, a €21.0 million decrease compared to 2018 (-5.6%).

**The net to gross rental income ratio improved by 2.2 pps to 96.4% (vs. 94.2% in 2018), due in particular to the sale in 2018 of assets with a higher vacancy rate than the portfolio's average and an increased occupancy rate for offices.**

| | 12/31/2019 | | 12/31/2018 | |
|---|---|---|---|---|
| *(in millions of euros)* | Net rental income | Net to gross ratio | Net rental income | Net to gross ratio |
| Offices | 240.0 | 96.8% | 245.1 | 94.4% |
| Business parks | 84.8 | 89.7% | 106.2 | 91.0% |
| OFFICES AND BUSINESS PARKS | 324.9 | 94.8% | 351.3 | 93.4% |
| Other assets | 23.7 | 79.8% | 22.6 | 72.5% |
| Intra-group transactions from Office Property Investment | 9.2 | N/A | 5.0 | N/A |
| NET RENTAL INCOME | 357.9 | 96.4% | 378.9 | 94.2% |

### 3.3.6. Leasing activity of the Office Property Investment Division

| | 12/31/2018 | Changes in 2019 | | | | 12/31/2019 | New leases signed | | 12/31/2019 |
|---|---|---|---|---|---|---|---|---|---|
| Asset classes On a 100% basis | Leased floor area *(sq.m)* | Additions *(sq.m)* | Exits *(sq.m)* | Exits due to disposals *(sq.m)* | Floor area adjustments (a) *(sq.m)* | Leased floor area *(sq.m)* | Leases in 2019 *(sq.m)* | Leases starting after 2019 *(sq.m)* | Total *(sq.m)* |
| Offices | 725,341 | 31,076 | (27,885) | - | 225 | 728,757 | 22,593 | 8,900 | 31,493 |
| Business parks | 580,974 | 30,729 | (21,301) | - | 117 | 590,519 | 25,843 | 9,636 | 35,479 |
| Other | 147,554 | 2,539 | (3,100) | - | (555) | 146,438 | 2,436 | 778 | 3,214 |
| LIKE-FOR-LIKE SCOPE (A) | 1,453,869 | 64,344 | (52,286) | - | (212) | 1,465,715 | 50,872 | 19,314 | 70,186 |
| Offices | 51,819 | 94,791 | (36,784) | - | 0 | 109,827 | 24,627 | 3,571 | 28,198 |
| Business parks | 15,113 | 4,389 | (10,564) | - | - | 8,938 | 346 | 28,860 | 29,206 |
| Other | - | 4,892 | - | - | - | 4,892 | - | - | - |
| ACQUISITIONS / COMPLETIONS / REFURBISHMENTS (B) | 66,932 | 104,073 | (47,348) | - | 0 | 123,658 | 24,973 | 32,431 | 57,404 |
| SUBTOTAL (A+B) | 1,520,802 | 168,417 | (99,634) | - | (212) | 1,589,372 | 75,845 | 51,745 | 127,590 |
| Offices | 40,673 | - | - | (40,673) | - | - | 173 | - | 173 |
| Business parks | - | - | - | - | - | - | - | - | - |
| Other | 968 | - | - | (968) | - | - | - | - | - |
| DISPOSALS (C) | 41,641 | - | - | (41,641) | - | - | 173 | - | 173 |
| OFFICE PROPERTY INVESTMENT (A)+(B)+(C) | 1,562,442 | 168,417 | (99,634) | (41,641) | (212) | 1,589,372 | 76,018 | 51,745 | 127,763 |

*(a) Change in floor areas as a result of a new survey by a licensed surveyor*

As of December 31, 2019, **leased space** totalled 1,589,372 sq.m, up 26,930 sq.m from 2018.

This increase reflects the positive trend observed during the year for the letting of completed assets (eight pipeline assets) and the effective management of leasing activity.

**Additions to the portfolio of leased space** recorded in 2019 highlight this robust pace, with more than 168,000 sq.m added, generating €47.0 million in annualised headline rental income.

Among all these additions, more than 75,600 sq.m related to buildings completed during the period, notably Gambetta (19,400 sq.m), Spring A (18,500 sq.m), Factor E (10,300 sq.m) and Le Brabant (8,400 sq.m).

Additions recorded on **a like-for-like basis** totalled over 64,000 sq.m, and mainly related to:

- The Rungis business park, with almost 21,000 sq.m leased;
- 5,500 sq.m leased in the PB5 building (La Défense) and 4,100 sq.m in the Spring B building (Peri-Défense).

Properties totalling a floor area of 141,300 sq.m and annualised headline rental income of €57.6 million were **vacated** during the period:

- 47,348 sq.m are earmarked for refurbishment;
- 41,641 sq.m were sold during the year;

- 52,286 sq.m are associated with leasing activity.

The **125 leases signed** during the financial year totalled 128,000 sq.m. Among these leases, those starting in 2019 represented 76,018 sq.m, generating annualised headline rental income of €33.0 million.
The main leases signed in 2019 included:

- Pulse (Portes de Paris business park): lease signed with the Organising Committee for the Paris 2024 Olympic and Paralympic Games for 28,860 sq.m, starting in 2020;
- Orsud (Gentilly): lease signed with Orange for 5,344 sq.m, starting on January 1, 2020;
- Le Beauvaisis (Pont de Flandre): lease signed with Dont Nod Entertainment for 3,556 sq.m, starting in 2020;
- Factor E (Bordeaux) completed in 2019: 9-year lease with no break option signed with Regus for 5,651 sq.m, starting on completion of the building;
- Le Castel (Marseille) completed in 2019: leases signed with Solimut (12 years) and Deloitte (9 years) for the whole building (6,000 sq.m).

**Lease renewals** for the year totalled 82,000 sq.m (54 leases), securing full-year headline rental income of €18.2 million. The weighted average unexpired lease term to first break for these leases was 6.9 years, contributing positively to maintaining the average lease term for the portfolio as a whole.

As of December 31, 2019, the ten largest tenants generated a combined annual rental income of €119.4 million (31.9% of annualised rental income from the Office Property Investment portfolio), excluding public entities.

Lastly, it should be noted that eight assets from the development pipeline (103,400 sq.m) were completed during the year, representing €31.0 million in annualised headline rental income secured to date (including €9.5 million from leases starting after 2019).

## Financial occupancy rate and weighted average unexpired lease term

| | Financial occupancy rate (in %)[b] | | | Weighted average unexpired lease term (in years)[b] | |
|---|---|---|---|---|---|
| Asset classes | 12/31/2019 | 12/31/2018 | Like-for-like change [a] | 12/31/2019 | 12/31/2018 |
| Offices | 96.4% | 95.1% | 0.4 pp | 4.9 | 5.2 |
| Business parks | 83.6% | 89.1% | 0.5 pp | 3.0 | 2.9 |
| OFFICES AND BUSINESS PARKS | 92.6% | 93.5% | 0.4 pp | 4.3 | 4.6 |
| Other assets | 92.5% | 92.9% | -0.2 pp | 6.5 | 6.7 |
| OFFICE PROPERTY INVESTMENT | 92.6% | 93.4% | 0.3 pp | 4.5 | 4.7 |

*(a) Change between December 31, 2018 and December 31, 2019, excluding completions, acquisitions and disposals for the period.*
*(b) On a full consolidation basis, except for equity-accounted assets which are included on a proportionate consolidation basis.*

As of December 31, 2019, **the financial occupancy rate** stood at 92.6%, down -0.8 pp from December 31, 2018. **On a like-for-like basis, financial occupancy was up +0.3 pp.**
The lease signed with the Organising Committee for the Olympic Games for the Pulse building, which will start in 2020, had a positive impact of 2.1 pps on this indicator, which came in at 94.7%.

The weighted average unexpired lease term to first break was 4.5 years, relatively stable compared to 2018 (4.7 years).

**Lease expiry schedule by segment in terms of IFRS annualised rental income (in millions of euros, on a full consolidation basis)**

| | France offices | Business parks | Other | Total | Share of total |
|---|---|---|---|---|---|
| 2020 | 25.2 | 24.7 | 5.5 | 55.3 | 14.8% |
| 2021 | 26.8 | 21.3 | 2.2 | 50.3 | 13.4% |
| 2022 | 15.3 | 15.6 | 3.2 | 34.1 | 9.1% |
| 2023 | 17.1 | 9.1 | 1.2 | 27.4 | 7.3% |
| 2024 | 52.1 | 10.1 | 0.4 | 62.6 | 16.7% |
| 2025 | 42.5 | 2.2 | 2.1 | 46.8 | 12.5% |
| 2026 | 7.3 | 3.4 | 0.4 | 11.1 | 3.0% |
| 2027 | 38.1 | 9.5 | 1.4 | 48.9 | 13.1% |
| 2028 | 27.8 | 0.1 | 1.2 | 29.0 | 7.8% |
| 2029 | 1.6 | 0.1 | 0.1 | 1.8 | 0.5% |
| 2030 + | 1.2 | 0.8 | 4.7 | 6.6 | 1.8% |
| **TOTAL** | **254.8** | **96.9** | **22.3** | **374.0** | **100.0%** |

Leases having a break or expiry in 2020 represented €55.3 million, i.e. 14.8% of the portfolio's IFRS rental income.
It should be noted that in 2019, among all leases at risk of break or expiry, which totalled €51.0 million in rental income, 27% were terminated or not renewed (excluding disposals/refurbishments and rent guarantees).

## 3.4. Healthcare Property Investment Division

### 3.4.1. Changes in value of the Healthcare Property Investment portfolio on a proportionate consolidation basis

| *(on a proportionate consolidation basis)* | Fair value as of 12/31/2018 | Fair value of assets sold as of 12/31/2018 | Investments and other [(a)] | Like-for-like change (€m) | Like-for-like change (%) | Fair value as of 12/31/2019 |
|---|---|---|---|---|---|---|
| France | 2,545.9 | (11.4) | 254.8 | 42.3 | +1.7% | 2,831.7 |
| International | - | - | 186.7 | N/A | N/A | 186.7 |
| **Healthcare Property Investment** | **2,545.9** | **(11.4)** | **441.6** | **42.3** | **+1.7%** | **3,018.4** |

*(a) Includes capex, the amounts invested in 2019 in off-plan acquisitions, and acquisitions (bulk acquisitions and assets for which Icade's ownership interest increased during the period). Also includes the restatement of transfer duties and acquisition costs, changes in value of assets acquired during the financial year, works to properties sold, changes in transfer duties and changes in value of assets treated as financial receivables.*

**As of the end of December 2019, the overall value of the Healthcare portfolio increased substantially to €3,018.4 million excluding duties on a proportionate consolidation basis, +€472.5 million more compared to December 31, 2018 (+18.6%).**

On a full consolidation basis, the value of the Healthcare Property Investment portfolio stood at €5,286.2 million as of December 31, 2019 vs. €4,484.4 million as of the end of 2018 (+€801.8 million).

This value increase was mainly driven by investments made during the period (€441.6 million, including €415.5 million for acquisitions, i.e. €706.4 million on a full consolidation basis). The year 2019 was characterised by a large number of acquisitions, especially internationally with the purchase of a significant property portfolio in Germany (see paragraph hereinafter).

Over the same period and on a like-for-like basis, the value of the portfolio grew by +€42.3 million on a proportionate consolidation basis, i.e. +1.7%. This positive change reflects a favourable trend in the investment market, especially for prime assets.

### 3.4.2. Investments

| *(in millions of euros)* *(on a full consolidation basis)* | Asset acquisitions | Projects under development | Other capex | Other | Total |
|---|---|---|---|---|---|
| France | 401.6 | 37.0 | 27.4 | 0.9 | 467.0 |
| International | 304.8 | - | - | - | 304.8 |
| **HEALTHCARE PROPERTY INVESTMENT** | **706.4** | **37.0** | **27.4** | **0.9** | **771.9** |

Investments made in the financial year 2019 added up to **€771.9 million**, substantially higher than in 2018 (+€460.4 million) due to continued acquisitions in France and stepped-up investments in international assets.

- **Investments in France (on a full consolidation basis):**

Investments totalled **€467.0 million**, including €401.6 million from asset acquisitions, and related principally to the following transactions:

- On July 31, 2019, the acquisition of a portfolio of 12 facilities (7 nursing homes, 4 post-acute care facilities and a psychiatric facility) for a total of €191.0 million;
- In November 2019, the acquisition of the Confluent Group which owns the Confluent private hospital in Nantes for a total of €194.0 million.

This is in addition to €37.0 million in investments made during the financial year in the development pipeline as part of the following projects:

- Project for the construction of the Greater Narbonne private hospital, which is scheduled for completion in Q4 2020 for €15.0 million;
- Two completions in 2019 representing €9.8 million in 2019 investments: the Santé Atlantique health complex (Bromélia) in Saint-Herblain and the first phase of the project in Puilboreau.

Other projects in the development pipeline totalled €12.2 million.

Other works and other investments during the financial year totalled €28.4 million.

- **International investments (on a full consolidation basis):**

Investments in international assets amounted to €304.8 million for the financial year, with a first significant acquisition in Germany in Q4 2019 (a portfolio of 19 nursing homes for €266.0 million including €256.7 million already committed). In addition, following the first acquisition of a new nursing home for €12.1 million in Italy, the Healthcare Property Investment Division continued to invest by purchasing five nursing homes for €25.1 million and a nursing home from the KOS Group for €11.0 million.

Acquisitions totalled €753.2 million in 2019 (including four assets under a preliminary agreement for €38 million).

**Development pipeline on a full consolidation basis**

| Project (€m) | Estimated date of completion | Operator | Number of beds and places | Rental income | Yield on Cost [(a)] | Total cost of project | Remaining to be invested > 2019 |
|---|---|---|---|---|---|---|---|
| Greater Narbonne private hospital – Montredon-des-Corbières | Q4 2020 | Elsan | 283 | | | 47.8 | 18.5 |
| Jonc Marins post-acute care facility – Le Perreux-sur-Marne | Q3 2021 | Korian | 136 | | | 21.9 | 21.9 |
| Clinique de l'Atlantique private hospital – Puilboreau | Q2 2020 | Ramsay Santé | 100 | | | 20.0 | 0.4 |
| Le Parc polyclinic – Caen | Q4 2021 | Elsan | 288 | | | 21.2 | 17.0 |
| Saint-Charles private hospital – La Roche-sur-Yon | Q1 2022 | Sisio | 210 | | | 14.1 | 12.9 |
| Pôle Santé Lunellois health complex – Lunel | Q3 2021 | Clinipôle | 79 | | | 11.6 | 9.4 |
| Mornay post-acute care facility – Saintes | 2021 | Korian | 82 | | | 10.2 | 5.6 |
| **Pipeline – France** | | | **1,178** | | | **146.8** | **85.6** |
| Italy – Gheron portfolio | 2020-2021 | Gheron | 1020 | | | 113.0 | 113.0 |
| Italy – Villalba | Q1 2021 | KOS | 80 | | | 12.8 | 12.8 |
| Italy – Grosseto | Q1 2021 | KOS | 120 | | | 11.4 | 11.4 |
| Germany – Tangerhütte | Q2 2020 | Emvia Living | 66 | | | 7.6 | 0.1 |
| **Pipeline – Outside France** | | | **1,286** | | | **144.9** | **137.3** |
| **TOTAL PIPELINE** | | | **2,464** | **16.1** | **5.7%** | **291.7** | **222.9** |

*(a) YoC = headline rental income / cost of the project as approved by Icade's governance bodies. This cost includes the carrying amount of land, cost of works (excluding internal costs), carrying costs and any lease incentives.*

The total cost of projects in the Healthcare Property Investment development pipeline is estimated at €291.7 million (**€16.1 million in potential additional rental income**), including €144.9 million of investments in international developments.

The average yield on cost expected for these projects is **5.7%**.

**This pipeline is fully pre-leased.**

### 3.4.3. Asset disposals

Disposals completed during the financial year ended amounted to €18.3 million and related primarily to the Ter private hospital in Ploemer and the Pasteur private hospital in Vitry-sur-Seine.

### 3.4.4. Adjusted EPRA earnings from Healthcare Property Investment as of December 31, 2019

| (in millions of euros) | 12/31/2019 Adjusted EPRA earnings from Healthcare Property Investment | 12/31/2019 Non-recurring (a) | 12/31/2019 Total Healthcare Property Investment | 12/31/2018 Adjusted EPRA earnings from Healthcare Property Investment | 12/31/2018 Non-recurring (a) | 12/31/2018 Total Healthcare Property Investment |
|---|---|---|---|---|---|---|
| GROSS RENTAL INCOME | 264.7 | - | 264.7 | 241.0 | - | 241.0 |
| NET RENTAL INCOME | 263.4 | - | 263.4 | 235.9 | - | 235.9 |
| NET TO GROSS RENTAL INCOME RATIO | 99.5% | 0.0% | 99.5% | 97.9% | 0.0% | 97.9% |
| Net operating costs | (16.2) | - | (16.2) | (12.5) | - | (12.5) |
| Profit/(loss) from other activities | - | - | - | - | - | - |
| EBITDA | 247.2 | - | 247.2 | 223.4 | - | 223.4 |
| Depreciation and impairment | - | (118.4) | (118.4) | - | (115.4) | (115.4) |
| Profit/(loss) from acquisitions | - | (7.2) | (7.2) | - | (1.3) | (1.3) |
| Profit/(loss) on asset disposals | - | (2.4) | (2.4) | - | (0.0) | (0.0) |
| Share of profit/(loss) of equity-accounted companies | - | - | - | - | - | - |
| OPERATING PROFIT/(LOSS) | 247.2 | (128.0) | 119.1 | 223.4 | (116.8) | 106.6 |
| Cost of net debt | (32.4) | - | (32.4) | (29.6) | - | (29.6) |
| Other finance income and expenses | (1.0) | (1.1) | (2.1) | (0.6) | (10.1) | (10.7) |
| FINANCE INCOME/(EXPENSE) | (33.4) | (1.1) | (34.5) | (30.2) | (10.1) | (40.3) |
| Tax expense | (2.7) | - | (2.7) | (2.1) | 0.6 | (1.5) |
| NET PROFIT/(LOSS) | 211.1 | (129.1) | 81.9 | 191.0 | (126.2) | 64.8 |
| Net profit/(loss) attributable to non-controlling interests | 91.2 | (55.6) | 35.6 | 82.8 | (54.7) | 28.1 |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **119.8** | **(73.5)** | **46.3** | **108.2** | **(71.5)** | **36.7** |

*(a) The "Non-recurring" column includes depreciation charges for investment property, profit/(loss) on disposals, fair value adjustments to financial instruments, and other non-recurring items.*

Gross rental income from Healthcare Property Investment stood at €264.7 million, a significant increase of 9.9% compared to December 31, 2018.

The rise in operating costs stems from the growth in portfolio assets and, to a lesser extent, from costs incurred due to stepped-up investments in Europe.

As a result, EBITDA was up +€23.8 million thanks to effective cost control.

The **recurring finance expense** of the Healthcare Property Investment Division as of December 31, 2019 stood at -€33.4 million, improving by €3.2 million compared to December 31, 2018 due to the growth in investments and the resulting increase in debt volume, while the decreasing price effect pulled the Division's average cost of debt below 2%.

Consequently, adjusted EPRA earnings attributable to the Group from Healthcare Property Investment as of December 31, 2019 amounted to €119.8 million, up +10.7% with respect to December 31, 2018.

Net profit attributable to the Group stood at €46.3 million, compared with €36.7 million as of December 31, 2018. This amount notably includes depreciation and impairment losses for the year.

### 3.4.5. Rental income from Healthcare Property Investment as of December 31, 2019

| *(in millions of euros)* | 12/31/2018 | Asset acquisitions | Asset disposals | New builds / Refurbish-ments | Leasing activity and index-linked rent reviews | 12/31/2019 | Total change | Like-for-like change |
|---|---|---|---|---|---|---|---|---|
| HEALTHCARE PROPERTY INVESTMENT | 241.0 | 10.6 | (1.4) | 9.3 | 5.2 | 264.7 | 23.8 | 2.6% |

Driven by portfolio growth, gross rental income from Healthcare Property Investment grew by a solid +9.9% on a reported basis to €264.7 million as of December 31, 2019. On a like-for-like basis, the increase was +2.6%, mostly thanks to index-linked rent reviews.

On a reported basis, growth in gross rental income was driven by completions which contributed +€9.3 million and acquisitions made in France and Italy during the financial year which added +€10.6 million.

| *(in millions of euros)* | 12/31/2019 Net rental income | 12/31/2019 Net to gross ratio | 12/31/2018 Net rental income | 12/31/2018 Net to gross ratio |
|---|---|---|---|---|
| HEALTHCARE PROPERTY INVESTMENT | 263.4 | 99.5% | 235.9 | 97.9% |

Net rental income from Healthcare Property Investment for the year 2019 totalled €263.4 million, implying a net to gross ratio of 99.5%, up +1.6 pp compared to 2018. This high ratio resulted in particular from early termination payments received during the financial year in connection with the sale of the Ter private hospital in Ploemer and the Pasteur private hospital in Vitry-sur-Seine.

### 3.4.6. Leasing activity of the Healthcare Property Investment Division

As of December 31, 2019, the financial occupancy rate remained unchanged compared to December 31, 2018, at 100%.

The weighted average unexpired lease term to first break for assets located in France was stable compared to December 31, 2018, at 7.4 years. For the whole Healthcare portfolio including international assets, it stood at 8.0 years (17.9 years on average).

During the financial year, 19 leases were renewed or extended. They had an impact of +0.9 year on the Healthcare Property Investment Division’s weighted average unexpired lease term to first break.

The lease expiry schedule in terms of IFRS annualised rental income is shown in the table below:

| | France Healthcare | International Healthcare | Healthcare Property Investment |
|---|---|---|---|
| 2020 | 16.0 | - | 16.0 |
| 2021 | 4.0 | 0.6 | 4.5 |
| 2022 | 5.5 | - | 5.5 |
| 2023 | 14.4 | - | 14.4 |
| 2024 | 18.6 | - | 18.6 |
| 2025 | 22.5 | - | 22.5 |
| 2026 | 30.2 | - | 30.2 |
| 2027 | 49.1 | - | 49.1 |
| 2028 | 48.4 | - | 48.4 |
| 2029 | 13.6 | - | 13.6 |
| 2030 and beyond | 59.2 | 14.9 | 74.1 |
| **TOTAL** | **281.6** | **15.5** | **297.1** |

# 4. Property Development Division

## 4.1. Income statement and performance indicators

**SUMMARY TABLE**

| In millions of euros | 12/31/2019 Total Property Development | 12/31/2019 Current | 12/31/2019 Non-current | 12/31/2018 Total Property Development | 12/31/2018 Current | 12/31/2018 Non-current |
|---|---|---|---|---|---|---|
| **ECONOMIC REVENUE** | **967.8** | **967.8** | | **1,250.9** | **1,250.9** | |
| ECONOMIC OPERATING PROFIT/(LOSS) (a) | 48.6 | 56.7 | (8.1) | 88.0 | 88.0 | |
| Current economic operating margin (current economic operating profit or loss/revenue) | | 5.9% | | | 7.0% | |
| **OPERATING PROFIT/(LOSS)** | **39.7** | **47.8** | **(8.1)** | **73.4** | **76.5** | **(3.1)** |
| **FINANCE INCOME/(EXPENSE)** | **(5.2)** | **(5.0)** | **(0.2)** | **(4.1)** | **(4.1)** | **0.1** |
| Corporate tax | (4.1) | (6.8) | 2.7 | (24.5) | (25.5) | 1.0 |
| **NET PROFIT/(LOSS)** | 30.3 | 36.0 | (5.7) | 44.8 | 46.8 | (2.0) |
| **NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP** | **27.5** | **33.1** | **(5.7)** | **42.4** | **44.4** | **(2.0)** |

*(a) Adjustment for trademark royalties and holding company costs.*

***Property Development business***

Icade Promotion is a full-service player in property development throughout Metropolitan France and its overseas departments and territories. The residential segment accounts for 80% of its revenue and the Office Property Development and Public and Healthcare Amenities Development segments the remaining 20%.

After generating record revenue in 2018, economic revenue in 2019 decreased by -22.6% year-on-year, due primarily to a downturn in the office segment, where revenue fell by -42.7% as a result of numerous completions in 2018. Revenue from the residential segment was down -15.7% due to the upcoming municipal elections in May 2020, which are still causing a marked slowdown in the issue of building permits.

However, the strong effort by the residential segment's operational teams resulted in an increase in housing orders (5,067 units in 2019 vs. 4,938 in 2018, i.e. +2.6%), even though the market as a whole declined (-2%). The decrease in housing orders by individuals was more than offset by the growth in orders by institutional investors in the second half of the year.

Accordingly, the 8.1% increase in the backlog (€1,257.4 million as of December 31, 2019 vs. €1,162.8 million as of December 31, 2018) creates a positive outlook for 2020.

The Property Development Division's profitability, as measured by the current economic operating margin (5.9% as of December 31, 2019), is explained by the lower business volume and the sharp rise in construction costs.

In this context, the net current cash flow (NCCF) amounted to €33.1 million as of December 31, 2019.

Net profit attributable to the Group from Property Development as of December 31, 2019 amounted to €27.5 million.

### 4.1.1. Return on equity

| *(in millions of euros)* | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Net profit/(loss) attributable to the Group | 27.9 | 42.4 |
| Allocated capital (a) | 164.7 | 243.9 |
| **RETURN ON EQUITY** | **16.9%** | **17.4%** |

*(a) Capital allocated to ordinary Property Development activities (excluding long-term land bank and urban development projects) excluding profit/(loss) for the year. This used to be the weighted average value of consolidated equity over the period excluding profit/(loss) / not comparable to year N-1.*

As of December 31, 2019, return on equity (ROE) allocated to ordinary Property Development activities (excluding long-term land bank and urban development projects) stood at 16.9%, in line with the target set by the Group.

It should be noted that ROE based on the book value of the Property Development Division's equity (including in particular those land holdings and urban development projects) came in at 12.7% as of December 31, 2019.

### 4.1.2. Property Development backlog and service order book

The backlog represents signed orders expressed in terms of revenues (excluding taxes) but not yet recognised for property development projects, based on the stage of completion.

The order book represents service contracts (excluding taxes) that have been signed but have not yet been executed.

| | 12/31/2019 | | | 12/31/2018 | | |
|---|---|---|---|---|---|---|
| *(in millions of euros)* | Total | Paris region & DOM-TOM (overseas) | Outside the Paris region | Total | Paris region & DOM-TOM (overseas) | Outside the Paris region |
| Residential Property Development | 1,006.4 | 535.6 | 470.8 | 927.5 | 474.7 | 452.8 |
| Office Property Development | 140.6 | 30.0 | 110.6 | 126.2 | 54.4 | 71.8 |
| Public and Healthcare Amenities Development | 85.0 | 58.9 | 26.1 | 76.8 | 22.8 | 54.0 |
| Project Management Support service order book | 25.3 | 24.7 | 0.6 | 32.4 | 31.6 | 0.7 |
| **TOTAL** | **1,257.4** | **649.3** | **608.1** | **1,162.8** | **583.5** | **579.3** |
| Share of total | 100.0% | 51.6% | 48.4% | 100.0% | 50.2% | 49.8% |

The Property Development Division's total backlog was up 8.1% to €1,257.4 million as of December 31, 2019 from €1,162.8 million as of December 31, 2018.

This change resulted from:

- An 8.5% increase in the Residential Property Development backlog in connection with the high level of housing orders (+7.6% in value terms);
- An 11.2% increase in the Office Property Development and Public and Healthcare Amenities Development backlog thanks to contracts signed in 2019.

## 4.2. Residential Property Development

| *(in millions of euros)* | 12/31/2019 | 12/31/2018 | Change |
|---|---|---|---|
| Economic revenue | 775.6 | 919.6 | (15.7%) |
| Current economic operating profit/(loss) | 46.4 | 66.3 | (30.0%) |
| CURRENT ECONOMIC OPERATING MARGIN (CURRENT ECONOMIC OPERATING PROFIT OR LOSS/REVENUE) | 6.0% | 7.2% | -1.2 pp |

Following a record-breaking 2018 in terms of sales and construction starts, Residential Property Development revenue amounted to €775.6 million at the end of 2019, down 15.7% year-on-year, reflecting a slowdown in new housing supply as fewer building permits were issued in a pre-election context.

Reduced housing starts (-22.5%, i.e. 4,716 units as of December 31, 2019 vs. 6,086 units as of December 31, 2018) and sales (-28.4%, i.e. 4,545 units as of December 31, 2019 vs. 6,346 units as of December 31, 2018) contributed to the decline in revenue and were consistent with the current market environment, just a few months away from the 2020 municipal elections.

Current economic operating profit from Residential Property Development dropped to €46.4 million as of December 31, 2019 from €66.3 million a year earlier, mostly due to lower revenue and less profitable projects as a result of a tight construction market (higher costs and limited availability of construction companies).

## Main physical indicators as of December 31, 2019

| | 12/31/2019 | 12/31/2018 | Change |
|---|---|---|---|
| **Properties put on the market** | | | |
| Paris region & DOM-TOM (overseas) | 2,459 | 2,230 | 10.3% |
| Outside the Paris region | 3,125 | 2,924 | 6.9% |
| **TOTAL UNITS [(a)]** | **5,584** | **5,154** | **8.3%** |
| Paris region & DOM-TOM (overseas) | 661.3 | 588.4 | 12.4% |
| Outside the Paris region | 681.9 | 578.6 | 17.8% |
| **TOTAL REVENUE *(potential in millions of euros)*** | **1,343.2** | **1,167.0** | **15.1%** |
| **Projects started** | | | |
| Paris region & DOM-TOM (overseas) | 2,161 | 3,064 | (29.5%) |
| Outside the Paris region | 2,555 | 3,022 | (15.5%) |
| **TOTAL UNITS** | **4,716** | **6,086** | **(22.5%)** |
| Paris region & DOM-TOM (overseas) | 560.9 | 654.1 | (14.3%) |
| Outside the Paris region | 570.6 | 575.0 | (0.8%) |
| **TOTAL REVENUE *(potential in millions of euros)*** | **1,131.5** | **1,229.1** | **(7.9%)** |
| **Net housing orders** | | | |
| Housing orders *(in units)* | 5,067 | 4,938 | 2.6% |
| Housing orders *(in millions of euros including taxes)* | 1,120.6 | 1,041.3 | 7.6% |
| Housing order cancellation rate *(in %)* | 15% | 16% | -1.1 pp |
| **Average sale price and average floor area based on orders** | | | |
| Average price including taxes per habitable sq.m *(in €/sq.m)* | 4,109 | 3,851 | 6.7% |
| Average budget including taxes per housing unit *(in €k)* | 221.5 | 211.2 | 4.9% |
| Average floor area per housing unit *(in sq.m)* | 53.9 | 54.8 | (1.6%) |

*(a) "Units" means the number of residential units or equivalent residential units (for mixed-use developments) of any given development. The number of equivalent residential units is determined by dividing the floor area by type (business premises, shops, offices) by the average floor area of residential units calculated as of December 31 of the preceding year.*

## Breakdown of orders by type of customer

| | 12/31/2019 | 12/31/2018 |
|---|---|---|
| Social housing institutional investors (ESH) – social landlords | 13.8% | 17.1% |
| Institutional investors | 24.6% | 16.9% |
| Individual investors | 33.1% | 36.8% |
| Home buyers | 28.5% | 29.2% |
| **TOTAL** | **100.0%** | **100.0%** |

Although market conditions have worsened due to difficulties in obtaining building permits (suspension of many projects in the run-up to the 2020 municipal elections, upcoming adoption of Intercommunal Land-Use Plans (PLUI) in metropolitan areas and the consistently high number of claims), **Icade Promotion's operating momentum has allowed it to outperform, with an increased number of properties put on the market and a marked acceleration from H2 2019 (+15.1% in value terms between 2019 and 2018).**

Against this backdrop, the Property Development Division's **net housing orders** as of December 31, 2019 totalled 5,067 orders, **up 2.6%** in volume terms compared to the previous year (4,938 orders) and up by 7.6% in value terms. Two opposing trends can be observed:

- On the one hand, in line with the slowdown in the new-home market, orders from individual investors and home buyers are down both in percentage and volume terms compared to the previous year (down -4.4 pps to 61.6%);
- On the other hand, thanks to the return of institutional investors to the residential market, bulk orders have increased in the second half of the year (1,469 units), up +4.4 pps to 38.4% for this category of buyers.

The higher average price per housing unit (€221.5k in 2019 vs. €211.2k in 2018) is due to both higher market prices and the location of the Property Development Division's projects which are being put on the market in more expensive areas, particularly in the Paris region.

In value terms, housing starts were down -7.9% both inside and outside the Paris region, resulting from delays in obtaining government permits and the longer time needed to negotiate construction contracts due to a tight construction market (prices and supply).

The completed stock is not substantial (1.3% of the total supply). It stood at €15.2 million as of December 31, 2019, down compared to December 31, 2018 (€16.2 million).

### *Land portfolio*

The portfolio of residential[4] land and building plots represented 10,456 units on a proportionate consolidation basis and potential revenue of €2.0 billion[5], remaining stable compared to December 31, 2018 (11,404 units for €2.0 billion).

## 4.3. Office Property Development

| *(in millions of euros)* | 12/31/2019 | 12/31/2018 | Change |
|---|---|---|---|
| Economic revenue | 189.7 | 331.3 | -42.7% |
| Current economic operating profit/(loss) | 10.6 | 21.7 | -51.2% |
| CURRENT ECONOMIC OPERATING MARGIN (CURRENT ECONOMIC OPERATING PROFIT OR LOSS/REVENUE) | 5.6% | 6.6% | -1.0 pp |

As of December 31, 2019, Office Property Development and Public and Healthcare Amenities Development revenue stood at €189.7 million, down from €331.3 million a year earlier. The 18,000-sq.m office project located in Villejuif stands out for its significant contribution to the year's revenue.

Current economic operating profit from Office Property Development and Public and Healthcare Amenities Development decreased to €10.6 million as of December 31, 2019 compared to €21.7 million a year earlier, mostly due to lower revenue and, to a lesser extent, lower margins.

### *Public and Healthcare Amenities Development*

As of December 31, 2019, the portfolio of Public and Healthcare Amenities Development projects was equivalent to 131,762 sq.m (vs. 152,594 sq.m as of December 31, 2018), including 60,721 sq.m under construction. The projects in this portfolio were mostly located outside the Paris region and in the French overseas departments and territories (DOM-TOM). Projects completed during the year represented 14,136 sq.m.

### *Office, Hotel and Retail Property Development*

As of December 31, 2019, the Property Development Division had a portfolio of Office, Hotel and Retail Property Development projects of around 680,422 sq.m (vs. 668,818 sq.m as of December 31, 2018), including 64,691 sq.m under construction (in particular a 12,737-sq.m building located in Toulouse for the aeronautical equipment manufacturer Latécoère and a 18,000-sq.m building located in Villejuif). In 2019, completions added up to 75,626 sq.m, including the 10,400-sq.m Twist office building in the Clichy-Batignolles development zone, the 14,800-sq.m EKLA Business building in Lille, the 4,692-sq.m Sky-Line II building in Toulouse, and a 10,385-sq.m office building in the Carré de Soie district of Vaulx-en-Velin.

## 4.4. Major projects

In total, potential revenue[6] from Icade Promotion amounted to **€7.1 billion**, representing over 20,600 units for the residential segment and more than 454,800 sq.m for the office segment in the medium term. It includes the land portfolio of the Residential Property Development business, estimated at €2.0 billion as of December 31, 2019, stable compared to December 31, 2018.

This 23% increase from 2018, buoyed primarily by **contract awards (+€1.0 billion)**, confirms Icade Promotion's ability to achieve growth in connection with its new 2020-2024 roadmap.

Main projects awarded in the financial year 2019:

- **Inventing Bruneseau – Nouvel R Project**

In March 2019, a consortium of developers made up of AG Real Estate, Icade, Les Nouveaux Constructeurs (lead developer) and Nexity, in conjunction with the retail specialist Frey, was selected as the winner of the "Inventing Bruneseau" call for projects organised by the City of Paris and SEMAPA. Nouvel R involves the development of close to 100,000 sq.m designed to create a real connection between Paris and Ivry-sur-Seine. This ambitious project will make Bruneseau France's first low-carbon neighbourhood.

It includes 25,000 sq.m of office space, 50,000 sq.m of residential units, and 20,000 sq.m of shops and business premises. The entire project is scheduled to be carried out from 2021 to 2025.

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*4 Estimated number of units and revenue from projects for which a preliminary sale agreement for land has been signed and which have not yet been put on the market.*

*5 Revenue excluding taxes taking into account the Group's ownership interest in joint ventures over which the Group exercises joint control.*

*6 Revenue excluding taxes on a proportionate consolidation basis including backlog, contracts won, stock of units currently for sale and land portfolio.*

- **Îlot 8.12 in Bordeaux**

Icade Promotion was selected by the urban planner Bordeaux-Euratlantique to carry out a mixed-use project near the Saint-Jean train station.

The project includes a 450-space multi-storey car park (around 10,000 sq.m), 64 homes (floor area of about 5,000 sq.m) and 350 sq.m of shops (business premises on the ground floor).

The project will stand out for its mainly wood-based structure.

In addition, the multi-storey car park will be designed so as to be partly convertible into offices with a view to anticipating the city’s future expansion.

An application for a building permit will be lodged in the spring with the aim of starting construction work in early 2020.

- **Air France site in Valbonne**

Following a competitive process held by Air France in November 2018, Icade Promotion was chosen in May 2019 to develop a plot of land located in the town of Valbonne, in the heart of the Sophia Antipolis technology park (Alpes-Maritimes).

This project covers a total floor area of 14,000 sq.m including 6,000 sq.m of residential units and 8,000 sq.m of office space.

Considering today’s environmental challenges related to the conservation of fauna and flora, the building permit application is to be submitted in Q3 2020, and the project is scheduled for completion in 2022.

- **Caen University Hospital (CHU) – Les Grands Jardins de Calix**

Following a competitive process held by the CHU of Caen in collaboration with the City Council, a group composed of Icade Promotion, the urban developer Shema, and regional property developers Pozzo and Flaviae, was chosen to develop close to 8 hectares of land formerly occupied by the Clémenceau hospital.

Icade and its partners aspire to develop a new residential neighbourhood which will be both vibrant and family-friendly. The “Les Grands Jardins de Calix” project involves the development of residential and office buildings representing more than 44,000 sq.m.

Construction is scheduled to start by 2020.

- **Nanterre Partagée**

Icade, Crédit Agricole Immobilier and Novaxia won the “Inventing the Greater Paris Metropolis 2” competition for the site of the Nanterre hospital.
As part of its modernisation and refurbishment, the Hospital Accommodation and Care Centre (CASH) of Nanterre will free up over 2 hectares of land which will be reconfigured to open up the hospital to its neighbourhood and provide residents with a new experience.
Around the historical building, which will be preserved and refurbished, this 29,000-sq.m project will consist of housing units, shared housing units, a student residence, a residence for employees on the go, a collaborative café and a Montessori school.

- **Reinventing Paris 2 project – Gobelins train station**

On July 11, joint bidders Icade and Segro were chosen for their project on the site of the Gobelins train station following the “Reinventing Paris 2” competition held by SNCF (the French national railway company) and the City of Paris. The project entails the construction by 2024 of a complex consisting of 14,800 sq.m of offices, 4,600 sq.m dedicated to sport, as well as the modernisation of the existing 70,000 sq.m of underground warehouse space.

- **Chrysalide in Marseille**

Icade and MAP Architecture were chosen to lead the overhaul of the site of the UNAPEI Alpes Provence association in the Montolivet neighbourhood, in the 4th district of Marseille, following a call for projects launched in the spring of 2018.
The project, designed in partnership with CDC Habitat, ADOMA and Banque des Territoires involves the construction of a nearly 12,600-sq.m complex, including 2,900 sq.m for the reconstruction of the association’s facilities and construction of 44 housing units as part of the creation of a home for disabled persons (intermediate housing and residence for young workers).
Construction is scheduled to start in 2020, with completion of the project expected in H2 2022.

- **Woop Up in Montpellier**

On September 20, Icade was chosen following a competitive process held by SERM for the construction of a 10,142-sq.m hybrid wood and concrete project in lot E2 of the République development zone in Montpellier.
This project, co-developed with REI/Kaleithos, will consist of 107 housing units (81 open market and 26 affordable), 778 sq.m of retail space, 756 sq.m of office space, 488 sq.m of live/work units and 150 sq.m of common space. Construction is scheduled to start at the end of 2020.

- **Seguin Island in Boulogne-Billancourt**

A preliminary sale agreement for a 4.2-hectare plot was signed on August 12, 2019 between SPL Val de Seine Aménagement (an urban planning “public-sector local company” [SPL]), the company Développement Boulogne Seguin, and a consortium of three property developers that includes Hines, Icade and Vinci Immobilier.

On this plot of land located in the middle of the island, the consortium plans to develop 123,500 sq.m of office space and 6,500 sq.m reserved for various other uses. These spaces with a total floor area of 130,000 sq.m will include shops, restaurants and recreational facilities capable of breathing life into the centre section, between the cultural areas located at either tip. A 15,000-sq.m public park on the south bank and leisure activities will also be made available. Applications for the required building permits are expected to be lodged in early 2020.

- **Mont de Terre in Lille**

Following a competitive selection process organised by SNCF (the French national railway company) in July 2018, Icade signed a development agreement for 55,650 sq.m of land in the “Mont de Terre” district of Lille on July 11, 2019.

The project will primarily focus on housing, with around 400 residential units covering 28,200 sq.m. An application for a development permit will be lodged in 2020 and construction is expected to start in 2022/2023.

- **Réinventer Le Havre**

On December 10, 2019, as part of the “Réinventer Le Havre” call for projects, the City of Le Havre and its partners selected Icade for the following sites:

- Îlot Flaubert: in partnership with the public hospital group “Groupe Hospitalier du Havre” for the creation of 210 housing units for sale, a seniors’ residence with services totalling 110 units, a childcare centre and the new headquarters of “La Ligue Havraise”, an association assisting persons with disabilities;
- The former Regional Youth and Sports Centre: conversion into a residence comprising 31 co-living units operated by the company Sharies, with service areas open to the public—co-working space, a fitness studio, event areas and eating areas.

The building permits will be requested in 2020, with work to commence at the end of 2021.

- **Courbet-Cerdan-République area in Brest**

Icade, with the Duval Group as co-developer, was selected to construct a mixed-use project with a surface area of 19,545 sq.m, including 183 housing units, a seniors’ residence, a co-living residence, a medical centre, shops and offices.

The building permit application will be submitted in H1 2020, with work to commence in 2021.

- **Boul et Bill in Nantes**

Icade, with REI Habitat as co-developer, was chosen by development agency SAMOA for the “BOUL & BILL” project, comprising 10,000 sq.m of mixed housing and office space on the Île de Nantes in Nante’s République district. This project includes 108 housing units, 2,000 sq.m of offices and 400 sq.m of business premises. Completion is scheduled for 2023.

- **Paris 2024 Olympics – St-Ouen**

Following a competitive selection process organised by SOLIDEO (public-sector entity tasked with delivering the Olympic facilities), a consortium made up of Icade, Caisse des Dépôts (Banque des Territoires) and CDC Habitat has been chosen by the Board of Directors of SOLIDEO to build Block D of the Olympic and Paralympic Village in Saint-Ouen-sur-Seine (“Les Quinconces”).

Providing comprehensive, inclusive housing solutions, “Les Quinconces” will include 652 housing units suitable for all: 245 housing units for sale, 93 social housing rental units for families, 99 intermediate housing rental units, a 150-room student residence (Twenty Campus) and a social housing residence with 65 studios prioritising people with disabilities (ADOMA).

The complex will also include a 9,300-sq.m office building, “Les Gradins”, designed to facilitate new collaborative and flexible ways of working.

The building permit will be applied for in H1 2020, with work to commence in 2021, and the handover to the Organising Committee for the Olympic Games (OCOG) is scheduled for Q1 2024.

## 4.5. Working capital requirement and debt

| | | 12/31/2019 (a) (b) | | | 12/31/2018 (a) (b) | | Change |
|---|---|---|---|---|---|---|---|
| *(in millions of euros)* | IFRS | Reclassification of joint ventures | Total | IFRS | Reclassification of joint ventures | Total | |
| Residential Property Development | (293.3) | (9.4) | (302.7) | (279.7) | (9.1) | (288.8) | (13.9) |
| Office Property Development | 6.3 | 13.7 | 20.0 | 4.4 | (18.6) | (14.2) | 34.2 |
| **NET WORKING CAPITAL REQUIREMENT – PROPERTY DEVELOPMENT** | **(287.0)** | **4.3** | **(282.7)** | **(275.2)** | **(27.8)** | **(303.0)** | **20.3** |
| **NET DEBT – PROPERTY DEVELOPMENT** | **153.6** | **(20.8)** | **132.8** | **51.6** | **6.2** | **57.9** | **74.9** |

*(a) A negative number is a net asset, while a positive number is a net liability.*

*(b) WCR and net debt do not include urban development projects and risky land owned by the Group.*

**Net WCR improved by +€20.3 million as of December 31, 2019 compared to December 31, 2018.**

Net financial liabilities increased by +€74.9 million from 2018, due in particular to the dividend paid out for €51.2 million, the acquisition of Sarvilep shares for €8.8 million, and tangible investments (e.g. implementation of OpenID outside the Paris region ) for €10 million.